

**MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 3<sup>RD</sup> APRIL, 2018**

Present: Councillors S Cudlip (Chair) and R Arthur, E Bell, Mrs J A Bell, Mrs G Bleasdale, Mrs K Brace, S P Colborn, Mrs S Forster, G N Hepworth, Mrs L Kennedy, D McKenna, A Shepherd, B Taylor, Miss L Willis.

Apologies: Councillors Mrs B E Allen, D Cummings, Mrs V Cummings, Ms R M Gratton, K Shaw.

*Prior to commencement of the meeting the Chair advised members of this Committee and members of the public that in line with the amendment to 'the public bodies (admission to meetings) act 1960', which came into force in August, 2014, parts of this meeting may be recorded by photographic, video and audio means.*

**1. DISCLOSURE OF INTERESTS**

Members were reminded prior to the start of the meeting of the need to disclose any interests, prejudicial or personal, in accordance with the Code of Conduct.

**2. MINUTES OF THE LAST MEETING HELD ON 6<sup>TH</sup> MARCH, 2018**

RECOMMENDED the Minutes of this meeting, a copy of which had been previously printed and circulated to each Member, be approved and signed as a correct record by the Chairman.

**3. PAYSHEET NUMBER 12 – MARCH 2017/18**

**a) Expenditure – March 2018**

RECOMMENDED:

- (i) that all payments in Paysheet Number 12 – 2017/18 be approved, it being noted that the direct debits, Bacs, Online and Debit Card payments including Imprest expenditure amount to £85,467.68 being the total sum authorised under this Paysheet;
- (ii) that the BACS authorisation sheet be signed by three Members and the credit transfers be actioned immediately; and
- (iii) that the Clerk's Imprest Account be reimbursed the sum of £1,009.58 for Civic Expenditure and authority be granted for this to be signed by the Chairman and Responsible Financial Officer.

b) **Income – March 2018**

RECOMMENDED the summary sheet showing the range of income received by the Council during the current month be accepted.

c) **Bank Balances – March 2018**

RECOMMENDED the report of the Finance Officer a copy of which was circulated, be approved.

4. **APPLICATIONS FOR GRANTS**

a) **Community Soccer – Seaham Soccer 6's**

Members discussed the request from Community Soccer requesting a grant of £200 towards the setting up costs of Seaham Soccer 6's. The actual set up cost was noted to be £293. A Member suggested that the full amount should be paid and it was noted in previous years that the Council had only awarded a grant towards the cost. Members went to a vote for a full donation of the setting up costs of £293.

For – 7 Members

Against – 4 Members

RECOMMENDED that a donation of £293 be awarded to Seaham Soccer 6's.

6. **AUDIT ISSUES**

a) **Internal Auditor's Annual Report 2017/18**

The Council's Internal Auditor was present at the meeting to answer any questions from Members with regards to any work he has carried out or will carry out in the new financial year as well as to talk Members through his annual report.

The Internal Auditor stated that he was presenting his annual report for 2017/18 which he gives a summary of all of the work he has carried out over the last financial year. The introduction of the report is due to the Accounts and Audit Regulations and subsequent CIPFA Code of Practice for Internal Audit in Local Government which requires Internal Audit to report annually to those charged with governance on their findings and conclusions and provide an overall opinion on the adequacy and effectiveness of the internal control environment of the Council. His opinion is also significant in support of the Annual Governance Statement which is a statutory requirement of the Act.

The report also provides a summary of the Internal Auditors results of audit assignments and his overall opinion on the internal control environment of the Council which he has prepared without fear or favour and which is based upon the findings of internal audit work carried out throughout the 2017/18

financial year.

The Internal Auditor noted that there are also paragraphs in his report relating to the CIPFA Code of Practice and Quality Assurance.

The Auditor referred to the table on his report which details the Audits that he carried out in 2017/18 which shows the planned and actual days that he worked on these audits. The Auditor referred to the Oldfields Audit and stated that the work was only partially examined which saved 0.5 days. He also referred to the table showing the levels of assurance the Council were given for each audit carried out and overall assurance of Substantial/Full was given to the Council.

The Auditor stated that in 2017/18 he made 6 recommendations and where possible all recommendations have been followed up and satisfactory actions have been taken, and all outstanding issues will be followed up in the next financial year 2018/19.

The Auditor stated that the overall opinion based on his results of the audit assignments carried out in 2017/18 and the satisfactory follow up work, it is his opinion that the internal control environment has improved from the previous year (two audits were moderate assurances) with an overall position of Substantial/Full Assurance given.

The Auditor noted that he is therefore satisfied that there are sufficient and robust action plans in place to rectify any weaknesses that have been identified and he is confident that the Finance and General Purposes Committee will support his actions to ensure that those plans are implemented as agreed.

The Auditor then opened the meeting for any questions that Members may have.

A Member stated that the Auditor had mentioned the Oldfields issue and a number of issues had come to light after they went bust. The main concern is around VAT and the £48k that was spent on promotion and Mr Oldfield signed the contract on behalf of Oldfields Catering but the £48k went to another company owned by Mr Oldfield and the people from the Liquidation Company who the Council had been speaking to felt that the VAT No. used was for one of his previous companies and the Member wondered how this was missed in the contract going forward. There was also the issue that Oldfields Catering may not have been VAT registered and there was no clear evidence of what the events were costing and do we know whether VAT was being charged during that period until Oldfields went bust.

*The Auditor stated that the work carried out on Oldfields was systems work followed by tests on the systems to ensure that the Council was going to get all of the income that they were entitled to and that was what was agreed for the audit plan in 2015/16. The Auditor stated his system work was carried out in June/July 2015 and it was highlighted then about the £48k. The*

*Auditor looked back at the Town Hall Working Party Committee meeting minutes and Mr Oldfield was supposed to report the £48k to the Town Hall Working Party Group in May which he didn't. The Auditor stated that he challenged Mr Oldfield on this and he stated that he had a report but no-one from the Town Hall Working Party had asked him for it. The Auditor informed Mr Oldfield that he would put this in his audit report and that Mr Oldfield should report to the Working Party at the next meeting which he did report back to explain the £48k spend. There was no recommended action from that so the Auditor took it that everything was alright as there was no come back from this. The Auditor left it at that and continued with his audit tests which can be seen in the auditor's report which was a moderate assurance and a lot of work still needed to be done and it took 3 reports before the systems were right with Oldfields that year and a sound system was put in place to ensure that the Council got their money back. With regards to the £48k that was not in the Auditor's original remit to look at.*

A Member stated that there was a sheet listing the items that Oldfields had spent the £48k on, there wasn't any receipts it was just a single sheet report and the other concern was that it looks as though Oldfields weren't VAT registered and the Council needs to find out if people who were holding events were charged VAT because it looks like the company who were handling all of the finance side of the arrangement was a company previously owned by Mr Oldfield which went into liquidation in February 2017 and since that point in time events have carried on between February 2017 until December so the two issues are was he VAT registered and were the takings going through another company owned by Mr Oldfield which the Member assumes the Police are currently looking into.

*The Auditor stated that it wasn't something that he was aware of at the time and it wasn't in his scope of work at that time either but obviously with hindsight now he is aware of what has been happening.*

A Member stated that the Council will have to strengthen their financial details with dealings when dealing with outside companies.

*The Auditor stated that he is able to amend his scope of work within a lot of his audits to look at more due diligence work and it is a good idea to look at standing orders and financial regulations in more depth on each individual audit by expanding his scope of terms of reference to include more items which have been mentioned earlier.*

A Member stated that due to discussions that have taken place over the last few months what the Auditor has suggested is a very sensible thing and it is something that the Council would want to see. The term due diligence has been mentioned so many times and the Auditor has highlighted that these are issues that he will embody within his scope of work to give the Council the assurances that due diligence has taken place and there has been compliance with rules and regulations that the Council have and that would be the assurances that Members want.

*The Auditor stated that he is currently working with the Finance Officer on the current contracts the Council has.*

A Member stated that at that time the Town Clerk was managing the whole situation and he is an ex Auditor and it was thought that he would have been able to demonstrate that what was being carried out was correct. Members of the working party were not professionals but the Town Clerk was. It was noted that this had been expressed in an earlier working party meeting. A Member questioned whether being a Councillor was to oversee this work and not just to leave it to one person and if something goes wrong then the Working Party Committee haven't done their job.

A Member noted that the Auditors job is to ensure that the accounts paid correspond with the paperwork that has come in and what he will now be concentrating on is whether the Council are complying with all of their rules and regulations, standing orders and contractual procedures and the Auditor is already working with the Finance Officer to ensure that all of the contractors have undergone due diligence checks and when all of these things are audited in the next financial year he will again look at all of that work to satisfy Councillors that proper due diligence has taken place. This is reassurance for Councillors and tax payers that money has been properly spent within all of the rules and regulations.

RECOMMENDED that the Auditors scope of work be extended to be included in his terms of reference for all of his assignments and the Auditors annual report be accepted.

**b) Internal Audit – Annual Plan for 2018/19**

The Internal Auditor stated that the purpose of this report is to inform Members of the up to date annual internal audit plan for the Town Council, this is based on the previously agreed 3 year plan of work. This will be the third year of the plan. All of the audits are carried out by a risk analysis which the Auditor presents on the first year plan.

A Member stated that if anything significant arises within the year the Auditor is flexible and he can take on additional items which Members may decide he has to look at throughout the year. There may be an additional days work on the Auditors plan to take on the due diligence checks which may be incorporated and as and when the Council receive more information that will be brought to the Council so Members are made aware of this and whether this may incur any extra charges.

RECOMMENDED that the Internal Auditors Annual Plan for 2018/19 be accepted.

**7. BANNER FUND**

Councillor T Shepherd declared an interest and took no further part in voting thereon.

Pursuant to the previous meeting the Deputy Town Clerk had contacted Mr Mason to clarify how many times per year the Banner Fund meeting takes place. It was noted that the Banner Fund would need the use of the annexe approximately 3 or 4 times per year for an hour.

RECOMMENDED that the Banner Fund have use of the annexe free of charge for their meetings.

**8. PRESS OPPORTUNITIES**

RECOMMENDED the Council note that the Mayor could hand over the cheques for the donations.