

**PETERSFIELD TOWN COUNCIL**

A meeting of the Finance and General Purposes Committee was held on Thursday 21 July 2005 at the Town Hall, Petersfield.

**PRESENT:** Mr R Ayer (Chairman)  
Mrs J Butler  
Mr B Dutton  
Mr C Jenner  
Mr P Molloy  
Mr G Watkinson

**ALSO IN ATTENDANCE:** Mr V Clarke (Town Mayor)  
Mrs B Macken (Town Clerk)  
Mrs S Watts (Responsible, Financial Officer)  
Petersfield Herald  
Petersfield Post

and two members of the public

**F 0206      CHAIRMAN'S COMMENTS**

The Chairman reminded Members that the budget timetable called for Committees to consider their projects for the following year, at the September meetings.

Mr. Ayer went to advise that the Internal Auditor's letter had been received too late to be included as an agenda item for this meeting, but he would allow time for Members to consider its contents during the course of item F 0216.

**F 0207      APOLOGIES FOR ABSENCE**

Mr. Jenner had to leave the room before the meeting commenced, but rejoined the meeting at 6.56 p.m.

**F 0208      DECLARATIONS OF INTEREST**

The following interests were declared:

Mr Ayer: Personal interest as he was the EHDC Representative for Petersfield Marketing Ltd. (minute number F 0213 refers).

Mr. Ayer: Personal interest as a member of the Royal British Legion (minute number F 0218 refers).

Mr. Ayer: Personal interest in Staff Matters under discussion (minute number F 0221 refers).

Mr. Watkinson: Personal interest as the Town Council-appointed Representative for Petersfield Marketing Ltd. (minute number F 0213 refers).

Mr. Dutton: Personal interest as a member of the Royal British Legion, Petersfield branch (minute number F 0221 refers).

Mr. Dutton: Personal interest in Staff Matters under discussion (minute number F 0221 refers).

Mr. Jenner: Personal interest in Staff Matters under discussion (minute number F 0221 refers).

It was then

**RESOLVED** that the meeting be adjourned for a 5 minute period in order for members of the public to discuss matters of interest with councillors. As no questions were forthcoming, the meeting was re-convened.

**F 0209**      **APPROVAL OF MINUTES**

**RESOLVED** that the minutes of the meeting held on 23 June 2005 be approved with the following amendment: F 0139 B.- PH 0122 The Avenue Pavilion, amended to read "RECOMMENDED that a new kitchen be fitted in The Avenue Pavilion, from Capital Funds, with a specification to meet the requirements of the Environmental Health dept. of EHDC, supplied by the Maintenance/Contracts Officer, in the maximum sum of £3,500 plus VAT".

**F 0210**      **FINANCIAL RECOMMENDATIONS**

**G0176 THE HEATH**

**B.      Taro Fair**

**RESOLVED**

(i) that approval be given for an increase at the RPI rate each year for the three years of the Agreement (the Town Council's Auditor to be asked to recommend which RPI to use).

(ii) that the setting-up and dismantling day charges remain unchanged.

(iii) that no equipment be dismantled overnight.

**C.      Easter Fair agreement 2006/2007/2008**

**RESOLVED**

(i) that approval be given for an increase at the RPI rate each year for the three years of the Agreement.

(ii) that the setting-up and dismantling day charges remain unchanged.

(iii) that clause 14 be amended to permit the Fair to operate until 10 p.m. each evening.

(iv) that no equipment be dismantled overnight.

D. Bollards

RESOLVED that Developers' Contributions in the sum of £2,300 be sought for these works.

G 0181 DEVELOPERS' CONTRIBUTIONSBest Value Improvement Plan

RESOLVED

(i) that Item 23: Disabled anglers' facilities be removed from the Best Value Improvement Plan.

(ii) that Item 32: Heath Road West steps be removed from the Best Value Improvement Plan.

Mr. Clarke joined the meeting at 6.50 p.m.

## PUBLIC HALLS:

PH0191 FESTIVAL HALLA. Security lock for Green Room corridor

RESOLVED

(i) that the Codelock 5000 be purchased in the sum of £185 (Officers to recommend suitable virement).

PH0192 THE AVENUE PAVILION - TOILETS

RESOLVED

(i) that works to The Avenue Pavilion toilet area be carried out in accordance with the previously distributed report, at an estimated cost of £650.

(ii) that a full structural assessment of the damp-proof barrier by a qualified engineer or surveyor, be added to the Best Value Improvement Plan, at an estimated cost of £2,000.

## F 0211

FINANCIAL REGULATION 3.4 URGENT WORKS AUTHORISED BY TOWN CLERK

Members were advised that the following urgent works had been authorised by the Town Clerk under Financial Regulation 3.4:

A. to Festival Hall stage Lifts in the sum of £105.70

B. to Love Lane Pavilion Fire Alarm system in the sum of £99.45

Following consideration it was

**RESOLVED** that Officers, in consultation with the Chairmen of Grounds and Public Halls, seek virement from within those Committees' budgets to cover the cost of the above urgent works.

Cllr. Jenner joined the meeting at 6.56 p.m.

**F 0212**      **RISK MANAGEMENT POLICY**

The Chairman welcomed the new format for the Risk Management Policy and reminded Members that an annual review of the Policy was necessary to comply with the audit. Following consideration, it was

**RECOMMENDED** that the amended Policy, as attached to these minutes, be approved.

**F 0213**      **GRANTS/FUNDING**

Members were invited to consider the release of funds to Petersfield Marketing Ltd. Mr. Watkinson gave a brief background to the request for the release of perennial funding to Petersfield Marketing Ltd. and Petersfield Christmas Lights, following which it was

**RESOLVED**

(i) that 50% (£750) of the monies budgeted for Petersfield Marketing Ltd. be released with immediate effect.

(ii) that 50% (£5,000) of the monies budgeted for Petersfield Christmas Lights be released on 1<sup>st</sup> September and a further £5,000 be released on 1<sup>st</sup> October.

**F 0214**      **CAPITAL FUNDS**

Members received a brief report from the RFO which showed that capital funds were showing a balance of £235,795 at 31<sup>st</sup> March 2005. This was noted.

**F 0215**      **INCOME AND EXPENDITURE QUARTERLY REPORT**

Members received the report to the end of June 2005 and raised concern at some instances where expenditure to date exceeded expectation, following which it was

**RESOLVED** that further consideration be given to the expenditure for these codes at the next meeting of this Committee.

F 0216

ANNUAL ACCOUNTS**A. Accounts for the year 1 April 2004 to 31 March 2005**

Copies of the Internal Auditor's letter dated 18<sup>th</sup> July 2005 were distributed (copies of this letter and the RFO's report are attached to these minutes) and his report welcomed. Following discussion, it was

**RECOMMENDED that the above accounts be approved.**

Members noted the Auditor's comment that the value of some Town Council properties and equipment had not been reflected in the insured values. Following discussion, it was

**RESOLVED that the Town Clerk increase the value of the insurance cover for the Little School building and the toilet block on The Heath and some equipment at the Festival Hall, in the quoted sum of £691.12.**

**B. The Heath Charity accounts for the year 1 April 2004 to 31 March 2005.**

**RECOMMENDED that the above accounts be approved.**

F 0217

**HAMPSHIRE POLICE AUTHORITY - APPOINTMENT OF INDEPENDENT MEMBERS TO HAMPSHIRE POLICE AUTHORITY.**

A request was received from the Authority seeking assistance to identify those persons who might wish to apply to become independent members of Hampshire Police Authority. This was noted.

F 0218

**THE ROYAL BRITISH LEGION**

A progress report was received on the repairs to the Petersfield War Memorial, from which it was noted with pleasure that work had been completed on repairing the Wreath retaining bars and that it was intended to add the name of G. S. Robinson-Moltke, who was killed during the Falklands conflict, to the list of Petersfield men who had lost their lives in battle.

F 0219

**LARGER LOCAL COUNCILS FORM**

Members were advised that the next meetings would take place on 5 October 2005 (for which a draft agenda had been forwarded) and 24 May 2006, from at 6 for 6.30 p.m. Following consideration it was

**RESOLVED**

(i) that Mrs. Butler and Mr. Sandeman attend the 5<sup>th</sup> October 2005 meeting.

(ii) that, if Members wished to suggest additional items for the agenda, they make representations to either Mr. Watkinson or Mr. Sandeman.

F 0220

**INSURANCE COVER FOR LEGAL EXPENSES**

Members were reminded that the Staff Panel had been invited to consider the need for additional insurance cover for legal expenses, but had felt unable to do so and referred the matter back to this Committee (F 0068 refers). Following consideration it was

**RESOLVED** that additional insurance cover, for legal expenses in the sum of £100,000 be sought, at a cost of a premium of £310.28 pro rata for the remainder of 2005/6, i.e. £206.85.

In view of the confidential nature of the business about to be transacted it was

**RESOLVED** to evoke Standing Order 36m to exclude the Press and Public for the remainder of the meeting.

**CONFIDENTIAL**

F 0221

**STAFF MATTERS**

The Chairman of the Staff Panel and the Town Mayor reported on the meeting that had taken place on 15<sup>th</sup> July 2005, which they had attended, together with two Representatives of ACAS, the Unison Regional Secretary, the Town Clerk and the Maintenance/Contracts Officer.

Members also discussed the advice that had been received from the Town Council's Solicitor, NALC and SLCC in relation to the recognition of examination success.

The Town Mayor advised that he would be preparing a report, including recommendations relating to the above, for consideration at the Council meeting on 1<sup>st</sup> August 2005.

There being no further business, the meeting ended at 9 p.m.

1. A. AREAS WHERE THERE MAY BE SCOPE TO USE INSURANCE TO HELP MANAGE RISK	(i)	Risk Identification	(a)	The protection of physical assets owned by the Council e.g. buildings, furniture, equipment including regalia, for loss or damage	ALL THE TOWN COUNCIL'S PHYSICAL ASSETS, INCLUDING ITS REGALIA, ARE INSURED WITH ZURICH MUNICIPAL UNDER POLICY NO. YLL-122003-8733
			(b)	The risk of damage to third party property or individuals as a result of the Council providing services or amenities to the public (public liability)	THE TOWN COUNCIL HAS PUBLIC LIABILITY INSURANCE OF £5M. IT ALSO HAS PERSONAL ACCIDENT LIABILITY COVER FOR EMPLOYEES, MEMBERS & VOLUNTEERS UNDER THE ABOVE POLICY
			(c)	The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance of a third party (consequential loss)	THE TOWN COUNCIL HAS BUSINESS INTERRUPTION COVER UNDER THE ABOVE POLICY
			(d)	Loss of cash through theft or dishonesty (fidelity guarantee)	THE TOWN COUNCIL HAS LOSS NON-NEGOTIABLE AND OTHER MONEY COVER FIDELITY GUARANTEE COVER FOR BOTH MEMBERS & EMPLOYEES
			(e)	Legal liability as a consequence of asset ownership	SEE (b).

				(public liability)	
1.B.	AREAS WHERE THERE MAY BE SCOPE TO USE INSURANCE TO HELP MANAGE RISK	(i)	Internal controls	(a)	An up to date register of assets and investments.
				(b)	Regular maintenance arrangements for physical assets
				(c)	Annual review of risk and the adequacy of cover.
				(d)	Ensuring the robustness of insurance providers
1.C.	AREAS WHERE THERE MAY BE SCOPE TO USE	(i)	Internal audit assurance	(a)	Review of internal controls in place and their documentation
					THE TOWN COUNCIL REVIEWS ITS INSURANCE COVER AS PART OF THE SPIRIT OF BEST VALUE. IT IS CONFIDENT THAT ITS PRESENT INSURER IS SUFFICIENTLY ROBUST IN THE KNOWLEDGE THAT THE INSURER IS REGULATED UNDER THE RULES LAID DOWN BY CURRENT STATUTE (as amended by recommendation F 0418 and C respectively).
					THE TOWN COUNCIL REVIEWS ITS INSURANCE COVER AS PART OF THE SPIRIT OF BEST VALUE. IT IS CONFIDENT THAT ITS PRESENT INSURER IS SUFFICIENTLY ROBUST IN THE KNOWLEDGE THAT THE INSURER IS REGULATED UNDER THE RULES LAID DOWN BY CURRENT STATUTE (as amended by recommendation F 0418 and C respectively).
					THE TOWN COUNCIL'S INSURERS REVIEW THE RISK AND ADEQUACY OF COVER EVERY YEAR. WHERE THERE IS FELT TO BE ADDITIONAL RISK OR ADDITIONAL COVER NEEDED, THIS IS ADDED.
					THE REGULAR MAINTENANCE OF BUILDINGS, SITES AND EQUIPMENT IS COVERED BY ANNUAL INSPECTIONS.
					AN ASSETS REGISTER WAS COMPILED BY THE RFO DURING THE COURSE OF 2003/4, IN ANTICIPATION OF MEETING THE CRITERIA FOR BEST VALUE STATUS.
					THE COMPREHENSIVE RANGE OF INTERNAL CONTROLS IS CONSTANTLY BEING REVIEWED BY STAFF: AND IS REVIEWED BY FULL COUNCIL DURING THE COURSE OF THE ANNUAL AUDIT.

	INSURANCE TO HELP MANAGE RISK			(b)	Review of management arrangements regarding insurance cover	THIS FORMS PART OF THE BRIEF OF THE FINANCE AND GENERAL PURPOSES COMMITTEE ANNUALLY.
				(c)	Testing of specific internal controls and reporting findings to management	WHERE THERE IS FELT TO BE A NEED FOR ADDITIONAL INTERNAL CONTROLS WITHIN THE OFFICE, THESE WILL BE PUT IN PLACE BY OFFICERS. WHERE ADDITIONAL INTERNAL CONTROLS INVOLVE MEMBERS, SUCH PROPOSALS WILL BE PUT TO THE FINANCE AND GENERAL PURPOSES COMMITTEE.
2.A.	AREAS WHERE THERE MAY BE SCOPE TO WORK WITH OTHERS TO HELP MANAGE RISK	(i)	Risk Identification	(a)	Security for vulnerable buildings, amenities or equipment	THE TOWN COUNCIL HAS THREE PUBLIC HALLS: THE FESTIVAL HALL HAS A FULL-TIME MANAGER AND ASSISTANT AND SHEET VILLAGE HALL AND THE AVENUE PAVILLION HAVE PART-TIME CARETAKERS. ALL ARE RESPONSIBLE FOR THE SECURITY OF THEIR RESPECTIVE BUILDINGS AND THE EQUIPMENT THEREIN. THE COUNCIL ALSO CHECKS THAT LEASEHOLDERS HAVE ADEQUATE INSURANCE. THE HIRERS' RESPONSIBILITY FOR SECURITY IS INCLUDED WITHIN THE HIRING REGULATIONS.  THE FESTIVAL HALL HAS AN INTRUDER ALARM SYSTEM WHICH IS LINKED TO THE

						<p>WHERE ITS BUILDINGS ARE LEASED TO AN ORGANISATION, THAT GROUP HAS RESPONSIBILITY FOR THE SECURITY OF THAT BUILDING.</p>
				(b)	Maintenance for vulnerable buildings, amenities or equipment	<p>POLICE AND THE SUPPLIER. THE MAINTENANCE/CONTRACTS OFFICER HAS RESPONSIBILITY FOR THE TOWN COUNCIL'S OPEN SPACES AND SPORTS GROUNDS AND THE AMENITIES SITED THERE. HE IS ASSISTED IN THIS BY THE EFFORTS OF TWO VOLUNTEER GROUPS THE FRIENDS OF PETERSFIELD HEATH AND THE ROTHERLANDS CONSERVATION GROUP.</p> <p>ALL THE TOWN COUNCIL'S PUBLIC HALLS ARE MAINTAINED BY THE RESPECTIVE CARETAKERS (WITH RECOURSE TO OFFICERS IF NECESSARY); AND THEY ARE MAINTAINED IN ACCORDANCE WITH MAINTENANCE SCHEDULES FROM WHICH BUDGETS ARE PREPARED BY OFFICERS AND APPROVED BY COUNCILLORS EACH YEAR.</p> <p>ALL TOWN COUNCIL BUILDINGS WHICH ARE LEASED, ARE SUBJECT TO REPAIRING LEASES, WITH THE EXCEPTION OF THE KIOSK ON THE HEATH AND THE LOVE LANE PAVILLION WHERE APPROPRIATE, MAINTENANCE/CHECKING CONTRACTS ARE IN PLACE FOR EQUIPMENT E.G. HEATING SYSTEMS, SMALL ELECTRICAL EQUIPMENT.</p>

				(c)	<p>The provision of services being carried out under agency/partnership agreements with principal authorities</p> <p>THE TOWN COUNCIL WORKS IN PARTNERSHIP WITH EAST HAMPSHIRE DISTRICT COUNCIL AND HAMPSHIRE COUNTY COUNCIL WHEN INVITED TO DO SO, BUT THE ONLY PARTNERSHIP AGREEMENTS CURRENTLY IN OPERATION ARE FOR WASTE COLLECTION WITH EAST HAMPSHIRE DISTRICT COUNCIL AND THE COMMUNITY SAFETY INITIATIVE WITH HAMPSHIRE COUNTY COUNCIL.</p> <p>THE TOWN COUNCIL'S GROUNDS ARE THE SUBJECT OF GROUNDS MAINTENANCE AND LITTER CLEARANCE CONTRACTS WITHIN THE CONTROL OF THE TOWN COUNCIL. THERE IS NO ARRANGEMENT IN PLACE WITH EITHER EHDG OR HCC FOR ROADSIDE GRASS CUTTING.</p>
				(d)	<p>Banking arrangements</p> <p>THE TOWN COUNCIL'S BANKING ARRANGEMENTS ARE REVIEWED BY THE FINANCE AND GENERAL PURPOSES COMMITTEE AS PART OF ITS SPIRIT OF BEST VALUE CONSIDERATION.</p> <p>THERE IS A COMPREHENSIVE RANGE OF INTERNAL CONTROLS RELATING TO THE ISSUE AND RECEIPT OF MONIES ON BEHALF OF THE TOWN COUNCIL.</p>
				(e)	<p>Ad hoc provision of amenities/facilities for events to local community groups.</p> <p>THE TOWN COUNCIL HAS GIVEN APPROVAL FOR THE USE OF SEVERAL OF ITS SITES AND BUILDINGS FOR LOCAL COMMUNITY GROUPS, ON BOTH RENTAL AND FREE BASES. SOME EXAMPLES OF THIS ARE:-</p>

					<p>           GROUNDS - CHILDREN IN NEED EVENTS, JUBILEE EVENTS, OPEN AIR RELIGIOUS SERVICES, CANOEING BY SERVICE ORGANISATIONS AND USE BY AGENCIES FOR YOUNG AND/OR DISABLED PEOPLE.         </p> <p>           BUILDINGS - USE OF ROOMS BY ORGANISATIONS ON WHICH THE TOWN COUNCIL HAS A REPRESENTATIVE, ANNUAL MEETINGS FOR USERS OF THE PUBLIC HALLS AND ALLOTMENTS (SIMILAR MEETINGS ARE PLANNED FOR USERS OF GROUNDS).         </p> <p>           IN SUCH CASES, THE TOWN COUNCIL ENSURES THAT THE HIRER/USER HAS SUFFICIENT PUBLIC LIABILITY COVER FOR THEIR INTENDED ACTIVITY.         </p> <p>           THE TOWN COUNCIL ENSURES THAT USERS OF ITS FACILITIES HAVE SUFFICIENT PUBLIC LIABILITY COVER.         </p> <p>           THE TOWN COUNCIL ENDEAVOURS TO ENSURE THAT WHEREVER POSSIBLE IT HAS THE OPPORTUNITY TO SELECT (FROM SEVERAL) THE PROVIDER OF ANY PROFESSIONAL SERVICE IT REQUIRES, INCLUDING EHDG'S LIST OF APPROVED CONTRACTORS. ANY PROFESSIONALS WHOSE SERVICES IT USES ARE WELL-ESTABLISHED AND OFTEN SELECTED ON RECOMMENDATION.         </p>
			(f)	<p>           Trading units e.g. playing fields, community buildings         </p>	
			(g)	<p>           Professional services e.g. planning, architects, etc. accountancy, etc.         </p>	
2. B.	AREAS	(i)	Internal	(a)	<p>           Standing orders and         </p> <p>           THE TOWN COUNCIL HAS STANDING ORDERS         </p>

WHERE THERE MAY BE SCOPE TO WORK WITH OTHERS TO HELP MANAGE RISK	Controls		TO GOVERN THE AWARD OF SUCH CONTRACTS. THESE STANDING ORDERS ARE REVIEWED ANNUALLY. THEIR CONTENT IS NOTED DURING THE COURSE OF THE INTERNAL AUDIT PROCESS.
		(b) Regular reporting on performance by suppliers/contractors	THE MAINTENANCE/CONTRACTS OFFICER REPORTS ON THE GROUNDS MAINTENANCE AND LITTER COLLECTION CONTRACTS TO THE GROUNDS COMMITTEE EACH MONTH. THE FESTIVAL HALL MANAGER PREPARES SIMILAR REPORTS FOR THE PUBLIC HALLS COMMITTEE.
		(c) Annual review of contracts	CONTRACTS ARE REVIEWED BY OFFICERS AND SUBSEQUENTLY BY MEMBERS AS PART OF THE BUDGET PROCESS EACH YEAR.
		(d) Clear statements of management responsibility for each service	THE GROUNDS, PUBLIC HALLS AND FINANCE AND GENERAL PURPOSES COMMITTEES (FOR COUNCIL) ALL HAVE POLICIES WHICH ARE REVIEWED ON AN ANNUAL BASIS; AND STANDING ORDERS SPECIFY THEIR RESPECTIVE AREAS OF RESPONSIBILITY
		(e) Regular scrutiny of performance against targets	SEE (b) AND (d).
		(f) Arrangements to detect and deter fraud and/or corruption	ALL INVOICES ARE SUBJECTED TO SCRUTINY BY BOTH THE OFFICER RESPONSIBLE AND THE RESPONSIBLE FINANCIAL OFFICER; AND ALL CHEQUES HAVE TO BE SIGNED BY THE TOWN CLERK

					(OR DEPUTY TOWN CLERK) AND TWO COUNCILLORS. THE PAYMENT OF ACCOUNTS IS APPROVED (RETROSPECTIVELY) BY COUNCIL EACH MONTH.
			(g)	Regular bank reconciliations, independently reviewed	BANK STATEMENTS ARE RECEIVED WEEKLY AND ARE SEEN BY THE TOWN CLERK AND DEPUTY TOWN CLERK AND VERIFIED BY THE RESPONSIBLE FINANCIAL OFFICER. THEY ARE ALSO REVIEWED AS PART OF THE AUDIT PROCESS.
2. C.	AREAS WHERE THERE MAY BE SCOPE TO WORK WITH OTHERS TO HELP MANAGE RISK	(i) Internal audit assurance	(a)	Review of internal controls in place and their documentation	INTERNAL CONTROLS ARE CONSTANTLY UNDER REVIEW AND ARE USUALLY SHOWN TO HAVE BEEN FOLLOWED BY THE AFFIXING OF THE VERIFIER'S INITIALS E.G. ON CHEQUE COUNTERFOILS.
			(b)	Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied	IN THE PAST, THE TOWN CLERK AND/OR DEPUTY TOWN CLERK HAVE ENSURED THAT THE COUNCIL IS NOT ACTING ULTRA VIRES WHEN A DECISION HAS BEEN MADE; AND IF THAT IS NOT THE CASE, THEN SUCH DECISION HAS BEEN RECORDED AS BEING AGAINST THE ADVICE OF THE OFFICER/S CONCERNED. THE APPROPRIATE LEGAL

					POWERS WILL BE QUOTED IN THE MINUTES AGAINST DECISIONS OF COUNCIL, WHENEVER PRACTICAL. THE MINUTES OF MEETINGS ARE ALSO REVIEWED DURING THE AUDIT PROCESS.
			(c)	Review and testing of arrangements to prevent and detect fraud and corruption	THE USE OF STANDING ORDERS, INTERNAL CONTROLS AND CONSIDERATION BY COUNCIL ARE ALL METHODS USED TO PREVENT AND DETER FRAUD AND CORRUPTION
			(d)	Review adequacy of insurance cover provided by suppliers	THE ADEQUACY OF INSURANCE IS BEING REVIEWED AS PART OF THE AUDIT PROCESS. A VALUATION OF ALL THE TOWN COUNCIL'S BUILDINGS IS ALSO CARRIED OUT ONCE DURING THE LIFE OF EACH COUNCIL AND THIS IS REFLECTED IN SUBSEQUENT INSURANCE COVER
			(e)	Testing of specific internal controls and report findings to management	THIS IS CARRIED OUT AS PART OF THE AUDIT PROCESS.
3.A.	AREAS WHERE THERE MAY BE A NEED TO SELF-MANAGE RISK	(i)	Risk Identification	(a) Keeping proper financial records in accordance with statutory requirements	FINANCIAL RECORDS ARE KEPT IN ACCORDANCE WITH THE STATUTORY REQUIREMENTS, FALL WITHIN THE RESPONSIBILITY OF THE FINANCE AND GENERAL PURPOSES COMMITTEE AND ARE REVIEWED AS PART OF AUDIT PROCESS. COPIES OF THE MINUTES OF ALL COUNCIL MEETINGS ARE SENT TO THE PRESS.
			(b)	Ensuring all business activities are within legal powers applicable	SEE TABLE 2 INTERNAL AUDIT ASSURANCE (b).
			(c)	Complying with	THE TOWN COUNCIL HAS NO CURRENT

		BORROWING ARRANGEMENTS
	restrictions on borrowing arrangements	BORROWING ARRANGEMENTS
	(d) Ensuring that all requirements are met under employment aw and Inland Revenue regulations	INLAND REVENUE CALCULATIONS ARE MADE BY THE TOWN CLERK, REVIEWED BY THE RESPONSIBLE FINANCIAL OFFICER AND ARE SUBJECT TO THE AUDIT PROCESS. SALARY, PENSION AND N.I. FORECASTS ARE ALSO CONSIDERED BY MEMBERS AS PART OF THE BUDGET PROCESS.
	(e) Ensuring all requirements are met under Customs and Excise regulations (especially VAT)	ALL SUCH REQUIREMENTS ARE MET BY THE RESPONSIBLE FINANCIAL OFFICER, ARE WITHIN THE AREA OF RESPONSIBILITY OF THE FINANCE AND GENERAL PURPOSES COMMITTEE AND ARE PART OF THE AUDIT PROCESS.
	(f) Ensuring the adequacy of the annual precept within sound budgeting arrangements	OFFICERS' AND COMMITTEE BUDGETS ARE CONSIDERED BY BOTH OFFICERS AND ALL MEMBERS, FOLLOWING WHICH THEY ARE CONSIDERED BY THE FINANCE AND GENERAL PURPOSES COMMITTEE, WHO RECOMMEND A PRECEPT FIGURE TO COUNCIL
	(g) Monitoring of performance against agreed standards under partnership agreements	SEE TABLE 2 INTERNAL CONTROLS (b) AND (d)
	(h) Ensuring the proper use of funds granted to local community bodies under specific powers or S137	ANY GRANT APPLICATIONS WHICH DO NOT MEET THE TOWN COUNCIL'S CRITERIA ARE RETURNED TO THE SENDER E.G. FOR INDIVIDUALS. ALL OTHER APPLICATIONS ARE CONSIDERED IN DETAIL BY THE GRANTS PANEL (APPOINTED BY COUNCIL ON

					<p>THE RECOMMENDATION OF THE FINANCE AND GENERAL PURPOSES COMMITTEE), THEN BY THE FINANCE AND GENERAL PURPOSES COMMITTEE AND FINALLY APPROVED BY COUNCIL. SUCCESSFUL APPLICANTS ARE REQUIRED TO GIVE DETAILS OF HOW SUCH FUNDING HAS BEEN SPENT E.G. COPIES OF THEIR ANNUAL REPORT AND ACCOUNTS</p> <p>ALL OTHER FUNDING IS SUBJECT TO RECOMMENDATION BY THE FINANCE AND GENERAL PURPOSES COMMITTEE TO COUNCIL: OR FORMS PART OF THE ANNUAL BUDGET</p>
			(i)	<p>Proper, timely and accurate reporting of Council business in the minutes</p>	<p>MINUTES ARE PREPARED BY THE DEPUTY TOWN CLERK (OR ANOTHER OFFICER) AND THEIR ACCURACY VERIFIED BY THE TOWN CLERK. THEY ARE DISTRIBUTED TO ALL MEMBERS, RECEIVED AT FULL COUNCIL MEETINGS AND ARE PRESENTED TO THE APPROPRIATE COMMITTEE OR COUNCIL AT THE NEXT MEETING, FOR APPROVAL</p>
			(j)	<p>Responding to electors wishing to exercise their rights of inspection</p>	<p>THE RIGHTS OF INSPECTION BY ELECTORS IS ADHERED TO IN ACCORDANCE WITH CURRENT LEGISLATION INCLUDING THE FREEDOM OF INFORMATION ACT.</p>
			(k)	<p>Meeting the laid down timetables when responding to consultation invitations</p>	<p>EVERY EFFORT IS MADE TO MEET SPECIFIED TIMETABLES WHEN RESPONDING TO CONSULTATION INVITATIONS</p>
			(l)	<p>Meeting the requirements for</p>	<p>EVERY EFFORT WILL BE MADE TO CONTINUE TO MEET THE REQUIREMENTS FOR QUALITY</p>

				Quality Parish Status or other accreditation	PARISH STATUS.
			(m)	Proper document control	COPIES OF MINUTES OF MEETINGS ARE BOUND ON AN ANNUAL BASIS. ALL RELEVANT PAPERWORK IS RETAINED IN ACCORDANCE WITH NATIONAL GUIDELINES (OR FOR LONGER) AND IS AVAILABLE FOR MEMBERS' PERUSAL AT ALL TIMES. REQUESTS FROM MEMBERS OF THE PUBLIC TO VIEW RECORDS ARE MET, WHEREVER POSSIBLE
			(n)	Register of Members' interests and gifts and hospitality in place, complete, accurate and up to date	SUCH RECORDS ARE IN PLACE, COMPLETE AND UP TO DATE (AS FAR AS IS KNOWN TO OFFICERS).
3. B.	AREAS WHERE THERE MAY BE A NEED TO SELF MANAGE RISK	(1)	Internal Controls	(a) Regular scrutiny of financial records and proper arrangements for the approval of expenditure	COMPREHENSIVE MEASURES ARE IN PLACE FOR THE INTERNAL AND EXTERNAL APPROVAL OF EXPENDITURE.
			(b)	Recording in the minutes the precise powers under which expenditure is being approved	THE APPROPRIATE LEGAL POWERS WILL BE QUOTED IN THE MINUTES AGAINST DECISIONS OF COUNCIL, WHENEVER PRACTICAL.
			(c)	Regular returns to the Inland Revenue; contracts of	THESE AREAS LIE WITHIN THE RESPONSIBILITY OF THE TOWN CLERK, WITH REFERENCE TO THE STAFF PANEL

				employment for all staff, annually reviewed by the Council, systems of updating records for any changes in relevant legislation	(APPOINTED BY THE FINANCE AND GENERAL PURPOSES COMMITTEE), THE FINANCE AND GENERAL PURPOSES COMMITTEE AND COUNCIL.
			(d)	Regular returns of VAT; training the responsible officer in matters of VAT and other taxation issues as necessary	SALARIES ARE PREPARED BY THE TOWN CLERK, CHECKED BY THE RESPONSIBLE, FINANCIAL OFFICER. THEY ARE ALSO CHECKED DURING THE COURSE OF THE ANNUAL AUDIT.
			(e)	Developing systems of performance measurement	THE RESPONSIBLE FINANCIAL OFFICER IS RESPONSIBLE FOR ALL VAT RETURNS, WHICH ARE REVIEWED AT LEAST QUARTERLY BY THE FINANCE AND GENERAL PURPOSES COMMITTEE AND FULL COUNCIL. THE FINANCE AND GENERAL PURPOSES COMMITTEE CHECKS THAT THE RESPONSIBLE FINANCIAL OFFICER RECEIVES ADEQUATE TRAINING IN ALL FINANCIAL MATTERS THAT RELATE TO COUNCIL BUSINESS.
			(f)	Procedures for dealing with and	CONSIDERATION HAS BEEN GIVEN TO ESTABLISHING AN APPRAISAL SYSTEM FOR STAFF PERFORMANCE, WHICH IS BEING INTRODUCED.
					PERFORMANCE MEASUREMENT FOR THE MAJOR CONTRACTS IS IN PLACE AND IT MONITORED BY THE MAINTENANCE/ CONTRACTS OFFICER INITIALLY AND COUNCIL COMMITTEES AND WORKING PARTIES.
					SEE TABLE 3. RISK IDENTIFICATION (h).

					monitoring grants or loans made or received	THERE ARE NO OUTSTANDING LOANS MADE OR RECEIVED AT THIS TIME.
			(g)	Minutes properly numbered and paginated with a master copy kept in safekeeping	ALL MINUTES ARE PROPERLY NUMBERED AND PAGINATED. A MASTER COPY IS MADE OF EACH COUNCIL YEAR'S MINUTES AND IS BOUND AND STORED IN THE TOWN CLERK'S OFFICE	
			(h)	Documented procedures to deal with enquiries from the public	TELEPHONE MESSAGES FROM THE PUBLIC ARE RECORDED IN A BOOK FOR THIS PURPOSE. LETTERS ARE DEALT WITH AS QUICKLY AS POSSIBLE AND IF THERE IS LIKELY TO BE A DELAY E.G. THE LETTER BEING PRESENTED TO A FUTURE COMMITTEE MEETING, THEN AN ACKNOWLEDGEMENT CARD IS SENT TO ADVISE THE WRITER OF THIS.	
			(i)	Documented procedures to deal with responses to consultation requests	IF A RESPONSE TO A CONSULTATION REQUEST CAN BE DEALT WITH BY A COMMITTEE OR COUNCIL IT WILL DO SO. IF NOT, A SUB-COMMITTEE OR WORKING PARTY WILL BE FORMED TO PREPARE RECOMMENDATIONS FOR THE APPROPRIATE COMMITTEE OR COUNCIL.	
			(j)	Monitoring arrangements by the Council regarding Quality Council status.	MONITORING ARRANGEMENTS REGARDING QUALITY COUNCIL STATUS WERE ESTABLISHED WITH EFFECT FROM MAY 2003.	
			(k)	Documented procedures for document receipt, circulation, response, handling and filing	ALL DOCUMENTS RECEIVED ARE DATE-STAMPED AND THE TOWN CLERK AND DEPUTY TOWN CLERK DECIDE ON THE APPROPRIATE METHOD OF HANDLING EACH ITEM OF CORRESPONDENCE. INFORMATION RECEIVED	

						<p>THAT DOES NOT REQUIRE CONSIDERATION BY A COMMITTEE OR COUNCIL MAY BE DISTRIBUTED TO COUNCILLORS IN THE FORM OF THE COUNCILLORS' INFORMATION LIST. ITEMS THAT CAN BE DEALT WITH WITHIN THE OFFICE ARE. ONCE DOCUMENTS HAVE BEEN DEALT WITH THEY ARE PASSED TO THE ADMINISTRATION ASSISTANT FOR FILING.</p>
			(1)	<p>Procedures in place for recording and monitoring members' interests and gifts and hospitality received</p>		<p>SEE TABLE 3. RISK IDENTIFICATION (n).</p>
			(m)	<p>Adoption of codes of conduct for members and employees</p>		<p>THE TOWN COUNCIL ADOPTED THE NATIONAL CODE OF CONDUCT FOR TOWN AND PARISH COUNCILS IN MARCH 2002. THE CODE OF CONDUCT REQUIRED FROM EMPLOYEES FORMS PART OF THEIR CONDITIONS OF EMPLOYMENT AS SPECIFIED IN THE NATIONAL JOINT COUNCIL FOR LOCAL GOVERNMENT SERVICES NATIONAL AGREEMENT ON PAY AND CONDITIONS OF SERVICE.</p>
3. C.	<p>AREAS WHERE THERE MAY BE A NEED TO SELF MANAGE RISK</p>	(i)	<p>Internal audit assurance</p>	(a)	<p>Review of internal controls in place and their documentation</p>	<p>INTERNAL CONTROLS ARE CONSTANTLY REVIEWED BY OFFICERS DURING THE COURSE OF THE INTERNAL AUDIT.</p>
				(b)	<p>Review of minutes to</p>	<p>SEE TABLE 2 INTERNAL AUDIT ASSURANCE</p>

					(b) .
			(c) ensure legal powers in place, recorded and correctly applied		THE TESTING OF THESE PROCEDURES FORMS PART OF THE INTERNAL CONTROLS CURRENTLY IN PLACE. THE SYSTEM IS ALSO TESTED DURING THE AUDIT PROCESS.
			(c) Testing of income and expenditure from minutes to cashbook, from bank statements to cashbook, from minutes to statements, etc. including petty cash transactions		
			(d) Review and testing of arrangements to prevent and detect fraud and corruption		SEE TABLE 3. Internal Audit Assurance (c) .
			(e) Testing of disclosures		THE NATURE OF THIS CATEGORY IS UNCLEAR: BUT WILL BE COMPLETED ONCE GUIDANCE HAS BEEN RECEIVED FROM THE APPROPRIATE AUTHORITY
			(f) Testing of specific internal controls and reporting findings to management		WHERE APPROPRIATE, THE RESULTS OF SUCH TESTING AS PART OF THE INTERNAL CONTROLS PROCESS WILL BE REPORTED TO THE APPROPRIATE COMMITTEE OR COUNCIL.
					SIMILAR REPORTING TO THE COUNCIL WILL BE MADE AS PART OF THE INTERNAL AUDIT.

# ALAN J. HARLAND FCA

Accounting and Advisory Services

380 WOKINGHAM ROAD, EARLEY, READING, BERKSHIRE RG6 7HX  
TELEPHONE: 0118 926 2910 MOBILE: 07801 374338

Mrs B Macken  
Clerk to Petersfield Town Council  
Town Hall  
Heath Road  
Petersfield  
Hampshire GU31 4EA



18 July 2005

Dear Barbara

## **Internal audit, year ended 31 March 2005**

I confirm that I have completed my programme of work for the year, and this letter summarises the matters arising from my work. I am now able to sign the annual return once it has been approved and signed by the Council, and provided the risk assessment is duly considered by the Council (see 3 below), my report will be unqualified.

### **1. Matters raised in previous year**

The matters arising in respect of the year ended 31 March 2004 were reported in my letter of 8 July. I have attached a summary of the progress in implementing the recommendations. The only matter carried forward concerns the insured value of equipment at the Festival Hall (see item 5 following).

### **2. Accounts and external audit**

The Council's draft accounts show gross income and expenditure below £500,000 after excluding direct costs relating to The Heath Charity, and so the Council stays within the 'lighter touch' audit regime. The income for 2005/06 will exceed £500,000 and may well now stay above that level, so within three years the Council could have to prepare accounts including capital accounting and be subject to full external audit. The Audit Commission is currently consulting with local councils and other interested parties regarding the success of the 'lighter touch' regime and audit arrangements after 2005/06, which is the end of the five year term for the current arrangements.

### **3. Risk assessment**

The Council has not yet considered the annual risk assessment for 2005, but I understand this is to be completed at the Council meeting on 1 August, when the annual return is signed. The risk assessment will presumably be in the same format as previous years, but it needs to be circulated to councillors with the meeting papers.

### **4. Financial strategies**

As a result of action taken in the second half of the financial year 2005/06, the Council's general fund balances at March 2005 were stabilised at £98,663, a small increase on the

? 4/5

previous year. Setting a precept more in line with net expenditure has strengthened the Council's financial position. The budget process for 2005/06 included forward medium-term projections as recommended in my audit letter dated July 2004. These projections need to be rolled forward by a year in the budget process for 2006/07.

#### **5. Fixed assets and insured values**

The Council's properties and contents were professionally valued at March 2003, but these values were not reflected in the insured values when the insurance policies were renewed in April 2004 and 2005. The insured values for property increased by 5%, in 2005 and for the most part are in line with the professional valuations, but the school buildings at The Heath are insured for £162,000 compared with a valuation of £197,400, and the toilet block is insured for £89,110 compared with a valuation of £34,300. Furthermore, the seating, production equipment and staging at the Festival Hall are insured for just £55,000, compared with a valuation of £286,000. The insured values need to be reconsidered as a matter of urgency. This matter was raised in last year's letter.

\* \* \* \*

I trust that these comments and recommendations are self-explanatory, but if either officers or councillors would like to discuss further, please contact me. I am grateful for the time and assistance from officers in conducting my internal audit work.

Yours sincerely



Alan Harland

Copy to Mrs Susan Watts, Responsible Financial Officer

## **Accounts**

As the income or expenditure does not exceed £500,000 this Council will remain within the lighter touch external audit regime.

On page 2 of the Town Council Accounts under Income Public halls and tenanted properties should read Public Halls (Venue Hire) I will get this changed before the signing at Full Council

Although the council do not have to run an asset register because the council is still within the lighter touch and it is not a requirement within a Council of this size. I started to set up an asset register during the year 2003-2004. The reason I first started looking at this was in preparation for the Council changes if we were no longer under the lighter touch.

I run depreciation on items with a net purchase value of over £2000 in the register at 20% on a reducing balance foundation. This is based on a general depreciation value which is 25% on vehicles and 20% on other items I do not deprecate the buildings, paintings and civic regalia but every council term they are valued I will then change the value. This register will certainly help if we sell items in the future giving a guide on the current value to this item. This register will also help with the problem that has arisen with the under insured situation, in certain areas. If anyone would like to see this register it is in my office and you are welcome to look at it at anytime.

The amount of Capital spend last year was £4810 on the fencing around the tennis courts. The balance of Capital money at the moment stands at £235795.

Overall the Audit has gone well again this year without any major problems and that is also so for the Heath Charity accounts.

## **Income and Expenditure.**

Codes 1, 3, and, 4 under centres are now showing Gross Pay and the Employers expense under NI and pensions.

I did not run the summary reports when I ran the income and expenditure reports so I have bought a copy tonight.

These reports are still being monitored on a monthly basis by comparing my accounts with Officers spreadsheets.

I hope this all meets with your approval.