

PETERSFIELD TOWN COUNCIL

Minutes of a meeting of the Finance and General Purposes Committee held at the Council Chamber, Town Hall, Petersfield, on Monday 21 October 2013 at 6.30 pm

PRESENT: Cllr A Tarver (Chairman), Cllr Mrs L Farrow, Cllr Mrs S Harwood, Cllr C Mills, Cllr W Organ, Cllr G Watkinson

ALSO IN ATTENDANCE: Mr N Hitch (Town Clerk), Mrs A Church (Committee Administrator).
One member of the public and the Petersfield Herald were present

F 0368 **CHAIRMAN'S COMMENTS**

The Chairman thanked Cllr Organ for having chaired the meeting of 16 September 2013 in his absence.

F 0369 **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

F 0370 **GRANTING OF DISPENSATION UNDER SECTION 33 OF THE LOCALISM ACT**

No requests for dispensation had been received.

F 0371 **DECLARATIONS OF INTEREST**

There were no declarations of interest made.

F 0372 **PUBLIC REPRESENTATION**

No representation to speak had been received.

F 0373 **APPROVAL OF MINUTES**

RESOLVED that the Minutes of the Meeting held on 16 September 2013 be approved and signed by the Chairman.

FINANCIAL RECOMMENDATIONS FROM COMMITTEES

a. Public Halls

PH 0353 REVIEW OF HIRING REGULATIONS FOR THE AVENUE PAVILION, THE FESTIVAL HALL AND ROSE ROOM
(PH 0260 September 2013 refers)

RESOLVED that the discount rate be increased from 10% to 15% for regular hirers of The Avenue Pavilion who hired the premises for more than one day per week once they have used the facilities for more than six months.

b. Grounds

G 0360 REVIEW OF THE FINAL PLANS AND COSTINGS OF THE PROPOSED PLAY AREAS AT BOROUGH ROAD AND WOODS MEADOW
(Minutes CO319/G0286 G 0190 September 2013 refer)

RECOMMENDED that the Town Council consider and approve that an application be made for Developers Contributions to pay for the total cost of £129,861.33 for the proposed play areas at Borough Road (£59,906.00) and Woods Meadow (£69,955.33), as outlined in the final plans provided.

G 0361 TO CONSIDER A QUOTATION DATED 10 SEPTEMBER 2013 FOR EROSION CONTROL IN THE HEATH TODDLER AREA

The Town Clerk advised that the toddler area near the kiosk on The Heath was in urgent need of repair. Firstly, the bank is very steep and sandy so the grass cannot keep roots; Greenspan had advised putting in sleepers which would hold the ground in place. Secondly, the soil on the roof of the tunnel unit had eroded and the tunnel was now exposed. Although only one quotation had been obtained, it was felt that the work could not be done more cheaply and Greenspan had the expertise in play areas.

It was hoped that the work would be put in hand without delay and completed by Christmas.

RECOMMENDED that the Town Council consider and approve the quotation of £10,688.14 dated 10 September 2013 from Greenspan Projects for the erosion control at the toddler area at The Heath Pond, to be paid from earmarked Capital Reserve.

F 0375

TOWN CLERK'S FINANCIAL REPORT

Members received and noted the Financial Report from the Town Clerk, a copy of which is attached to these Minutes at Appendix A.

The Town Clerk advised that there was the possibility that the funds deposited with Clydesdale could be re-invested with a Public Sector Property Fund at a higher interest rate. A detailed information paper would be prepared and put as an Agenda item for the meeting to be held on 18 November 2013. It would be possible to break the deposit period with Clydesdale in view of their handling of the deposit rate applied by them.

F 0376

BANK RECONCILIATION

Members received and noted the latest bank reconciliation, a copy of which is attached to these Minutes at Appendix B.

It was noted that the figure on the bank reconciliation statement, representing the "difference excluding adjustments", is the total of the transactions processed between the date of the bank statement and the date of the completion of the month-end process.

F 0377

EXTERNAL AUDITOR'S CERTIFICATE AND OPINION REGARDING THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2013.

Members noted the successful result of the external audit for Petersfield Town Council for the year ended 31 March 2013.

The Town Clerk advised that bound, signed copies of the official minutes are kept, with consecutive pages numbered and initialled.

RECOMMENDED that the Town Council receive, note and approve the External Auditor's Certificate and Opinion regarding the accounts for the year ending 31 March 2013.

F 0378

LIST OF INTERNAL CONTROL FAILURES WHICH LED TO THE FRAUD COMMITTED AT WHITEHILL & BORDON TOWN COUNCIL

Members received and considered the list of internal control failures, which led to the fraud committed at Whitehill & Bordon Town Council, and published by Eleanor Greene, External Investigator to Whitehill & Bordon Town Council (*a copy is attached at Appendix C*).

After detailed discussion on each control area listed, the Committee agreed that robust financial controls were currently in place at Petersfield Town Council.

However, members felt that it would be helpful for Councillors to have in place a procedure and information/check list, with particular reference to the fourteen control areas and actions listed by Eleanor Greene. It was agreed that a Working Party should be convened to carry out this task.

The Committee wished their thanks to be conveyed to Eleanor Greene, External Investigator to Whitehill & Bordon Town Council, for her very helpful memorandum of 8 October 2013.

RESOLVED that a Working Party from the Finance & General Purposes Committee, be convened to draw up an information/check list of financial control procedures to be followed by Councillors. The Working Party was agreed as:

- Cllr A Tarver (Chairman of F & GP)
- Cllr C Mills
- Cllr W Organ
- Cllr G Watkinson
- Town Clerk

There being no further business, the meeting closed at 7.37 pm



FINANCE REPORT

As with the Clerk's Report to Council, this report is not an item of debate, but seeks to inform councillors of all matters financial, including income and expenditure against budget, the level of balances held, proposed movements of deposits, future plans as well as seasonal issues, such as the Audit and Budget setting processes. If councillors consider a matter included in the report is in need of debate, the subject can be added to a future meeting's agenda for this purpose. I will always endeavour to answer any questions raised from the content of the report, but please bear in mind that if further investigation is necessary, answers will need to be given outside the meeting.

Bank Accounts

	<u>£</u>	<u>Rate</u>
Lloyds TSB Current Account	250.00	
Lloyds TSB 30 Day Account	125,045.40	0.05%
Clydesdale Term Deposit	207,457.90	1.45%
Cambridge & Counties Bank 30 Day A/c	551,000.00	1.75%
Public Sector Deposit Fund	50,030.59	varies
Total	<u>933,783.89</u>	
Town Mayor's Charity Account	2,333.46	

Clydesdale's and Scottish Widows rating on Bank Deposits with Moody's has been reduced to Baa2 with ratings stable. Lloyds TSB is A2 but with a negative outlook.

Finance & General Purposes Committee

	<u>£</u>	<u>Budget</u>	<u>% Budget</u>
Income	8,976	13,400	66.99
Expenditure	27,336	70,700	38.66

No expenditure concerns at present. Interest income remains low although income has been bolstered by the receipt of grant monies towards the Neighbourhood Plan work. Expenditure relates to monies spent on the Neighbourhood Plan plus community and perennial grants made in the first half of the financial year.

Grounds & Open Spaces Committee

	<u>£</u>	<u>Budget</u>	<u>% Budget</u>
Income	37,339	64,525	57.87
Expenditure	104,568	253,371	41.27

Income is nicely on track at the moment against budget. The level of income anticipated from the Heath Pond Association has significantly exceeded expectations having exceeded the budget by over two and a half times that expected and achieved in previous years. Expenditure overall is comfortably within budget. Following the appropriation of insurance costs to all cost centre's the budget for Miscellaneous Grounds has been exceeded although overall insurance costs are within budget so some virement will be requested across this budget heading in due course. Play area equipment maintenance budget at Borough Road has exceeded budget and Woods Meadow is under pressure and looks likely to exceed budget this year but to date, this is more than compensated for by the budgets held for other play sites across the town.

Public Halls Committee

	<u>£</u>	<u>Budget</u>	<u>% Budget</u>
Income	91,276	176,742	51.64
Expenditure	206,716	454,599	45.47

Expenditure levels overall remain on track. The Professional Fees budget has exceeded budget for the year as a result of the External Investigation costs as well as the decision to appoint Health & Safety advisors and the legal work in connection with the Petersfield Town Football Club and Nursery at Love Lane Pavilion. Following the summer users meetings, spare capacity has been found to purchase the requested tables and seats for The Avenue Pavilion. Income levels have returned to those expected following the busy September usage of the premises'. The Avenue is now at 51.7% of target and the Festival Hall at 52.8%. Income from the solar panels is currently 84% of annual budget.

Overall

	<u>£</u>	<u>Budget</u>	<u>% Budget</u>
Income	137,591	254,667	54.02
Expenditure	338,620	778,670	43.87

The year to date figures, if everything was on track would show a 50.00% spend. Last year at this stage income was at 57.78% and expenditure 46.13%. I remain optimistic at the position of the budget at this stage of the year. Expenditure levels are healthy and although it would be better if income was a little higher at this stage of the year, performance remains good.

Neil Hitch
Town Clerk & Responsible Finance Officer
10th October 2013

Date: 07/10/2013

Petersfield Town Council

Page No: 1

Time: 11:22

User: CLW

Bank Reconciliation Statement as at: 27/09/2013 for Cash Book 1 BANK CURRENT ACCOUNT

<u>Bank Statement Account Name (s)</u>	<u>Statement Date</u>	<u>Page No</u>	<u>Balances</u>
Lloyds TSB 0239842	27/09/2013	6	250.00
			<u>250.00</u>

<u>Unpresented Cheques (Minus)</u>	<u>Amount</u>
26/04/2013 DDR Pymnt8 SOUTHERN WATER	132.94
29/07/2013 014455 Friends of P/F Heath	1,000.00
12/08/2013 014478 Regal Environmental Systems L	62.56
19/08/2013 808003 WPS Insurance Brokers & Risk	39.80
16/09/2013 014521 Greenspan Landscape Manager	1,140.00
16/09/2013 014524 Penman Antique Fairs	250.00
16/09/2013 014522 Adam Harper	23.99
23/09/2013 808038 Eden Springs UK Ltd	27.79
23/09/2013 808055 Veolia ES (UK) Ltd	330.07
23/09/2013 014525 BDO LLP	1,920.00
23/09/2013 014529 Robin Burleigh	430.00
23/09/2013 014530 Trade UK	19.99
23/09/2013 014531 Southern Fire Protection Ltd	284.28
23/09/2013 014532 Peter Marshall	125.21
30/09/2013 014537 The Festive Lighting Company L	5,580.00
30/09/2013 014538 SD Playgrounds Services	1,227.00
30/09/2013 014539 The Spruce Girls Ltd	134.40
	<u>12,728.03</u>
	-12,478.03

<u>Receipts not Banked/Cleared (Plus)</u>	
	<u>0.00</u>
	-12,478.03

Balance per Cash Book is :- -5,746.63
Difference Excluding Adjustments is :- -6,731.40

<u>Adjustments to Reconciliation</u>	
	0.00
	<u>0.00</u>
Unreconciled Difference is :-	<u>0.00</u>



Your account statement
 Statement sheet number: 6
 Issue date: 27 September 2013
 Page: 1 of 1

PETERSFIELD TOWN COUNCIL
 TOWN HALL
 PETERSFIELD
 HAMPSHIRE
 UNITED KINGDOM
 GU31 4EA

Write to us at:
 PO Box 1000
 Andover
 BX1 1LT

Call us on: 0845 072 5555 (from UK)
 +44 1733 347338 (from Overseas)

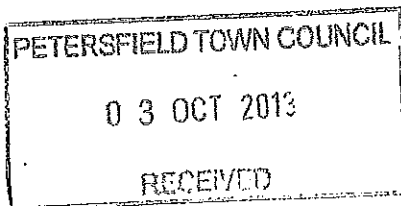
Visit us online: www.lloydsbank.com



C3603443140444 3790 697/1/011870

Your branch: PETERSFIELD
 Sort code: 30-96-61
 Account number: 00239842
 BIC: LOYDGB21276
 IBAN: GB98 LOYD 3096 6100 2398 42

BUSINESS ACCOUNT
 PETERSFIELD TOWN COUNCIL



Account Summary

Balance On 20 September 2013	£250.00
Total Paid In	£18,126.29
Total Paid Out	£18,126.29
Balance On 27 September 2013	£250.00

Account Activity

Date	Payment type	Details	Paid out (£)	Paid in (£)	Balance (£)
20 Sep 13		BALANCE BROUGHT FORWARD			250.00
23 Sep 13	Cheque	014518	32.27		217.73
23 Sep 13	Cheque	014520	150.00		67.73
23 Sep 13	Cheque	014516	3,121.89		3,054.16 OD
23 Sep 13	Transfer	FROM30966107033557		3,304.16	250.00
24 Sep 13	Bank Giro Credit	CARDNET 504784455 504784455 19/09		250.02	500.02
24 Sep 13	Cheque	014508	45.84		454.18
24 Sep 13	Direct Debit	FOCUS 4 U LTD FC6669	95.50		358.68
24 Sep 13	Cheque	014497	430.20		71.52 OD
24 Sep 13	Transfer	FROM30966107033557		321.52	250.00
26 Sep 13	Cheque	014533	90.00		160.00
26 Sep 13	Payment	014534	150.00		10.00
26 Sep 13	Transfer	FROM30966107033557		240.00	250.00
27 Sep 13	Bank Giro Credit	CARDNET 504784455 504784455 24/09		38.68	288.68
27 Sep 13	Cheque	014527	32.40		256.28
27 Sep 13	Cheque	014528	129.12		127.16
27 Sep 13	Cheque	014526	13,849.07		13,721.91 OD
27 Sep 13	Transfer	FROM30966107033557		13,971.91	250.00
27 Sep 13		BALANCE CARRIED FORWARD			250.00

Messages

Please note that only compensation related queries should be referred to the FSCS on the reverse of this statement.
 For our data privacy notice, please see: www.lloydsbank.com/legal/mypersonaldata.asp



Bus 30 Day Notice Statement

Printed: 11 October 2013

Petersfield Town Council Sort code 30-96-61 Account number 07033557

 Town Hall
 Petersfield
 Hampshire
 GU31 4EA

The data shown on your statement was correct at the time of printing. Please remember, this isn't an official bank copy.

Please check your statement. If you think that something looks incorrect, please call us on Monday to Friday, 7:00am - 8:00pm; Saturday, 9:00am - 2:00pm (, from outside the UK). Or Textphone .

Date	Description	Type	In (£)	Out (£)	Balance (£)
11 Oct 13	LR FITNE LTD SW CU RP4679965216094200	FPI	1025.00✓		126682.51
11 Oct 13	HMRC VAT REPAY 397 6187 90	BGC	546.69✓		125657.51
10 Oct 13	FROM30966100239842	TFR	9.00✓		125110.82
10 Oct 13	SCALES K KIRSTY SCALES 19161142414668000N	FPI	56.42✓		125101.82
10 Oct 13	500316	DEP	594.60✓		125045.40
09 Oct 13	INTEREST (GROSS)		6.48✓		124450.80
09 Oct 13	TO 30966100239842	TFR		5689.16✓	124444.32
09 Oct 13	TIMOTHY DAVY S13283 00153425632BBTZFHJ	FPI	25.02✓		130133.48
08 Oct 13	FROM30966100239842	TFR	21.75✓		130108.46
08 Oct 13	MRMHMOODY S13270 MOODY 200000000093861153	FPI	15.92✓		130086.71
08 Oct 13	500315	DEP	500.75✓		130070.79
08 Oct 13	GAYNOR OAKES FITNE PAVILLION GAYNOR	TFR	183.36✓		129570.04
08 Oct 13	BOYCE CHRISTOPHER MR C BOYCE 31A FP13281004709998	FPI	15.92✓		129386.68
08 Oct 13	NHSBT 2111057	BGC	394.34✓		129370.76
07 Oct 13	TO 30966100239842	TFR		209.55✓	128976.42
04 Oct 13	TO 30966100239842	TFR		5596.59✓	129185.97
04 Oct 13	500314	DEP	1668.52✓		134782.56
03 Oct 13	TO 30966100239842	TFR		219954.50✓	133114.04
03 Oct 13	STRODE C A MUMBABA PAVILLION 38173209769687000N	FPI	69.98✓		353068.54
02 Oct 13	TO 30966100239842	TFR		3209.20✓	352998.56

Date	Description	Type	In (£)	Out (£)	Balance (£)
01 Oct 13	TO 30966100239842	TFR		3786.23	356207.76
01 Oct 13	500313	DEP	718.34		359993.99
01 Oct 13	FOUN F R + R I T FRRME OFFICE RENT RP4670763206358100	FPI	550.00		359275.65
30 Sep 13	TO 30966100239842	TFR		912.13	358725.65
30 Sep 13	PS FINANCIAL ADV PS FINANCIAL ADV RP4652383987561100	FPI	1050.00		359637.78

Key to abbreviations

BGC	Bank giro credit	FPC	Faster Payment charge	STK	Stocks/Shares
BNS	Bonus	FPI	Faster Payment incoming	TD	Dep Term Dec
BP	BillPayment	FPO	Faster Payment outgoing	TDG	Term Deposit Gross Interest
CHG	Charge	IB	Internet Banking	TDI	Dep Term Inc
CHQ	Cheque	INT	Interest	TDN	Term Deposit Net Interest
COM	Commission	LTB	Transfer	TFR	Transfer
COR	Correction	MTG	Mortgage	UT	Unit Trust
CPT	Cashpoint	NS	National Savings Dividend	SDC	Sepa (Single European Payments Area) Direct Debit Collection
CSH	Cash	NSC	National Savings Certificates	SCR	Sepa (Single European Payments Area) Collection Reversed
CSQ	Cash/Cheque	OTH	Other	SDD	Sepa (Single European Payments Area) Direct Debit Collection
DD	Direct Debit	PAY	Payment	SDR	Sepa (Single European Payments Area) Direct Debit Reversed
DEP	Deposit	PP	Pending payment	SUR	Excess Reject
EFT	EFTPOS (electronic funds transfer at point of sale)	PSB	Premium Savings Bonds		
EUR	Euro Cheque	PSV	Paysave		
FE	Foreign Exchange	SAL	Salary		
FEE	Fixed Service Charge	SPB	Cashpoint		
		SO	Standing Order		

Bank Reconciliation Statement as at: 11/10/2013 for Cash Book 2 30 DAY NOTICE ACCOUNT

<u>Bank Statement Account Name (s)</u>	<u>Statement Date</u>	<u>Page No</u>	<u>Balances</u>
Lloyds TSB	11/10/2013	0	126,682.51
			<u>126,682.51</u>
<u>Unpresented Cheques (Minus)</u>		<u>Amount</u>	
			0.00
			<u>126,682.51</u>
<u>Receipts not Banked/Cleared (Plus)</u>			0.00
			<u>126,682.51</u>
		Balance per Cash Book is :-	126,682.51
		Difference is :-	0.00

Date: 07/10/2013

Petersfield Town Council

Page No: . 1

Time: 11:50

User : CLW

Bank Reconciliation Statement as at: 30/09/2013 for Cash Book 5 PETTY CASH

<u>Bank Statement Account Name (s)</u>	<u>Statement Date</u>	<u>Page No</u>	<u>Balances</u>
Petty Cash	30/09/2013		315.00
			<u>315.00</u>
<u>Unpresented Cheques (Minus)</u>		<u>Amount</u>	
			<u>0.00</u>
			315.00
<u>Receipts not Banked/Cleared (Plus)</u>			
			<u>0.00</u>
			315.00
		Balance per Cash Book is :-	315.00
		Difference is :-	0.00

Memorandum

From : Eleanor Greene, Director, Do the Numbers Limited
To : All Parish and Town Council Officers and Members
Date : 8th October 2013
Subject : Ways in which Internal Controls can be overridden

Summary : This month a former Parish Clerk was jailed after being charged with fraud, theft and money laundering amounting to £222,000 and pleading guilty to £162,000.

Although the outcome is highly unusual, the internal control failures that allowed it to happen are far from unique. The council in question have agreed that it is to the benefit of the whole sector that what went wrong in their systems should be publicised, so that others can learn from their mistakes and hopefully these cases become rarer.

Because of the pervasive nature of the problems, the insurance company has decided that the members of the council did not comply with their fidelity, fraud or theft insurances. Therefore the council and its electors must wait until the completion of the Police's work under the Proceeds of Crime Act to see if they will get any of the money back.

The control weaknesses are applicable to all sizes of councils as well as any Charities or other associations with which members and officers may be involved. Please read through this list and look at your systems and see whether it could have happened to you.

Control area	Issue	Recommended Action
Cheques	Incomplete cheques were passed to members for signature – lacking dates, incomplete payee names and unclear details on the stub.	Members should refuse to sign any cheque that has not been correctly and completely drawn.
Supporting documents	Cheques have been drawn which do not have appropriate third party supporting information.	The file of invoices for payment should be brought to the meetings at which cheques are signed so that members can reassure themselves that the expenditure has been budgeted for. Members should also assure themselves that the document is original and genuine.
Payment Listing	The list of payments made by the council has not always been minuted as approved and has not been included as a signed page in the formal minutes.	It is a legal requirement that payments are minuted by the council. A list of payments should be minuted in every meeting at which payments are authorised. No payments should be signed outside meetings.
Audit reports	Reports from Internal and External Auditors were not being brought to and addressed by the members at a meeting.	All audit reports – including interim ones – should be addressed to the members and should be reviewed and acted upon by the council. If there are several points, a progress review is good practice.
Petty cash	Petty cash cheques should always be supported by a reconciliation of the balance in the tin.	Members should be able to see all petty cash receipts on request. Members should physically count the tin back to the accounts at least quarterly.

Bank reconciliation	The council has not been presented with a proper bank reconciliation regularly.	The full bank reconciliation should be made available to full council at each meeting and the cleared balance in every account minuted. On a monthly basis a member of the council (ideally each taking in turn) should initial the original bank statement back to the reconciliation.
Salaries	The council does not appear to have minuted the agreed staff salaries and ensuing cost to council (in a confidential minute) on an annual basis.	It is essential for control of the single largest item of expenditure that members know what the expected cost of wages should be, allowing for ERS NI and Employer Pension contributions.
PAYE / Pensions	Payment of deductions from wages do not appear to have been tightly controlled in a timely manner.	All cheques to HMRC or HCC pensions should be supported by the appropriate documentation and a monthly reconciliation of wages controls should be available in the office for members to check at any time.
Budget monitoring	The council appears to have 'noted' budget reports but not actually reviewed expenditure against budget and prior year.	Good accounting systems have reports that allow comparison between actual and expected transactions. These should be used to aid decision making.
Budget process	The budget appears to have been based upon a spreadsheet rather than the accounting system. This risks transcription errors and reduces transparency.	Regular reports showing last year, this year and expenditure against budget mean that budget setting becomes merely a stage in budget monitoring and forward planning of projects.
Fixed asset register	It is a legal requirement to have a Fixed Asset register and checking that capital expenditure appears on it each year ensures transparency.	Each year at budget setting and year end the register should be checked against (though not matched to) the insurance schedule)
Risk assessment	The council has not completed a financial Risk Assessment as required by the legislation.	A proforma is available on the External Auditor's information pages.
Standing Orders and Financial Regulations	The council does not appear to have reviewed these documents in recent years to ensure that they meet current legislation.	Both documents should be reviewed – they may need little or no change, but all members should reappraise themselves of the contents – before the 31 March year end date every year.
Expenses claims	It would appear that expenses have been claimed by both members and officers without a second person authorising them. This is never good practice.	All officers expense claims should be authorised by members, all members expense claims should be authorised by the Chairman and each item included in the listings.

This list is not exhaustive, and other recent criminal cases against clerks have highlighted other areas, but the basic principle is :

Trust your Officers to be able to provide evidence that they are doing a good job, do not rely on them to work without appropriate supervision. Regular and transparent reporting and communication results in effective councils.