

City of Durham Parish Council

Office 3 D4.01d Clayport Library
8 Millennium Place
Durham
DH1 1WA
Telephone 07704 525630
Email: parishclerk@cityofdurham-pc.gov.uk

20 November 2020

Access details for Zoom Licensing Committee meeting:

Join Zoom Meeting

<https://us02web.zoom.us/j/89267003996>

Meeting ID: 892 6700 3996

Dear Finance Committee Member,

In accordance with both the Local Government Act 1972 and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of local authority and Police and Crime Panel meetings) (England and Wales) Regulations 2020, I hereby give you notice that a meeting of the **Finance Committee** will be held in **via Zoom** on **Thursday 26 November 2020 at 1pm** to transact the following business:

- 1. Welcome and apologies**
- 2. To receive any declarations of interest from members**
- 3. To receive and approve as a correct record the minutes of the meeting on 11 June 2020**
- 4. To receive any public participation comments on the following agenda items. Please email the Parish Clerk parishclerk@cityofdurham-pc.gov.uk to register to speak**
- 5. Report on current financial position of Council 2020-21 – reports attached**
- 6. Report on Parish Council internal controls – report included**
- 7. Preparing for budget setting for the financial year 2021-22**
- 8. Dates of future meetings**

And, pursuant to the provisions of the above-named Act, I Hereby Summon You to attend the said meeting.

Adam Shanley

Clerk to the City of Durham Parish Council

CITY OF DURHAM PARISH COUNCIL

Minutes of the meeting of the Parish Council Finance Committee held on Thursday 11th June 2020 at 14:00 via Zoom.

Present: Councillors A Doig (Chair), J Ashby, V Ashfield, R Ormerod & E Scott
Also present: Parish Clerk A Shanley

Cllr A Doig in the Chair

1. WELCOME AND RECEIPT FOR APOLOGIES OF ABSENCE

Apologies were received from Cllr E Ashby

2. TO RECEIVE ANY DECLARATIONS OF INTEREST FROM MEMBERS

Cllr A Doig declared an interest in the grant applications for the Lowes Barne Community Project, Shakespeare Hall, Alington House and St. Margaret's Centre.
Cllr J Ashby declared an interest in the grant application for St. Nicholas Community Forum.

Cllr V Ashfield declared an interest in the grant applications for St. Nicholas Community Forum and the Woodman Inn project.

Cllr R Ormerod declared an interest in the grant application for Alington House.

Cllr E Scott declared an interest in the grant application for the Lowes Barne Community Project.

Councillors did not vote on the respective applications for which they had declared an interest.

3. TO APPROVE THE MINUTES OF THE PREVIOUS MEETING HELD ON 7TH JANUARY 2020.

The Minutes of the meeting held on 7th January 2020 were unanimously **agreed** as a true and accurate record of proceedings and the Chair signed the Minutes.

4. TO RECEIVE ANY PUBLIC PARTICIPATION COMMENTS ON THE FOLLOWING AGENDA ITEMS

None received.

5. GRANT FUNDING AWARDS 2020/21

Members considered each application and the following was **agreed** as a recommendation to go forward to Full Council for approval:

Organisation	Amount requested (£)	Amount agreed (£)
The Woodman Community Project	5000	0. The Committee agreed that the group should re-apply next year, at which point the future of the Woodman Inn may be clearer

Sanctuary 21	1300	1300
St Cuthberts Hospice	1750	1750
St Nicholas Community Forum	150	150
Harbour	1500	1500
Durham Hospital Radio	2000	2000

Blind Life in Durham	783	783
Alington House	785	785
St. Margaret's Centre	1000	1000
Samaritans	2500	2500

Lowes Barne Community Project	4980	4980
Merryoaks WI	300	300
Durham Markets Community Interest Company	900	900
St Oswalds Institute	3700	3700

Durham Community Association (Shakespeare Hall)	376.5	376.5
Durham City Woodcraft Folk	500	500
Friends of Wharton Park	250	250

It was noted that the allocation agreed equated to £22,774.50. Members **agreed** to recommend that the total fund for grants be increased to accommodate this for this year only in view of the added pressure on local voluntary and community groups as a result of the Covid-19 pandemic.

6. INTERNAL AUDIT ANNUAL REPORT FOR 2019/20

Members considered the internal audit report for 2019/20. The Clerk advised that the recommendation from the auditor that Councillors initial the invoices agreed had already been introduced.

Cllr E Scott advised that the positive feedback from the audit was due to the attention to detail and hard work of the Clerk and the Committee thanked the Clerk for his work on this.

Cllr R Ormerod also advised that the audit was testament to the good work of the Council as a whole and the governance structures the Council had introduced.

The Clerk also reported that the auditor had recommended that the Parish Council transfer some of its funds into a separate bank account with a separate bank for further protection. The Committee **agreed** that the Clerk should investigate opening a new account and transfers £60,000 (reserves and contingencies) into this account.

7. FINANCIAL POSITION AT THE END OF 2019/20 FINANCIAL YEAR

The Committee noted that the Parish Council was carrying over £129,720 from the financial year 2019/20. The Clerk provided a report which highlighted the underspend from the previous financial year.

Cllr E Scott proposed that, in view of the Parish Council's substantial funds and the immediate concern for and threat to local businesses, the Committee considers the establishment of an emergency Covid-19 Business Resilience Grant Fund of £30,000 to support local businesses in the parish through Covid-19.

The Committee agreed that this proposal should be put to Full Council and the Clerk should draft a report including an application form and a set of criteria for this fund.

8. DATES OF FUTURE MEETINGS

The Chair advised that the date of the next meeting would be communicated in the due course.

There being no further business, the Chair thanked Members for their attendance and closed the meeting.

Signed,

Chair of the City of Durham Parish Council Finance Committee

ITEM 6: REPORT ON PARISH COUNCIL INTERNAL CONTROLS

1. RESPONSIBILITY

Regulation 4 of the Accounts and Audit (Amendment) (England) Regulations 2011 requires Councils to carry out a review of their internal controls annually before the end of the financial year.

The City of Durham Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for.

In discharging this responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. SYSTEM OF INTERNAL CONTROL

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The Parish Council has now adopted a risk register and this is under continuing review by the Clerk and any issues arising from risk assessments carried out will be reported to full Council.

The Council

The Council has elected a Chair who is responsible for the smooth running of meetings and together with the Clerk for ensuring that all Council decisions are lawful.

The Council reviews its obligations and objectives and approves budgets for the following year at its January full Council meeting each year. The January meeting of the Council also approves the level of precept for the following financial year.

The full Council meets at least 11 times per year. The Parish Council does not usually meet in August.

A budget report is prepared and submitted to all of the Parish Council's Finance Committee meetings showing income and expenditure together with a budget update for all Committee spends. Any budget revision reports are also reported for information and these set out any changes to the budget as per Council decisions or any known budget over or underspends.

Clerk to the Council

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for the day to day compliance with laws and regulations and advises the Council on managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to. The Clerk also manages projects agreed by full Council and works with all suppliers and contractors agreed by full Council to carry out functions on behalf of the Council.

2020 has been an unprecedented year for all due to the Covid-19 situation. It became apparent in March, just before the first national lockdown that things would be operating very differently, and it was then that NALC and the Society of Local Council Clerks (SLCC) recommended reviewing and agreeing local councils' delegation to the Clerk. Councillors agreed this delegation to enable the Council to fulfil its responsibilities to its residents.

This meant that day to day operations of the Parish Council could continue normally as much as possible. The Clerk has kept Councillors informed of the decisions taken during this period and has sought their views prior to making any decisions regarding significant spending. The Clerk has also consulted with the Chair of the Council on various issues as well as the Chairs of other Committees/Working Parties when necessary.

The Parish Council has also continued holding meetings of Committees and Full Council via Zoom, in accordance with the Police and Crime Panels (Coronavirus) (Flexibility of local authority and Police and Crime Panel meetings) (England and Wales) Regulations 2020.

Payments

All payments made are reported to all Finance Committee meetings. The Parish Council now makes all payments via electronic banking. Two Members of the Council from the current list of five authorised signatories (excluding the Clerk who acts as administrator) must authorise every payment against invoices before authorising the payment using their own login details provided by the bank.

There is a facility for making urgent payments out of meeting if necessary. Such payments are also reported to the Parish Council's Finance Committee meeting and all decisions to spend funds as urgent action are ratified at the next Full Council meetings and minuted as such.

Risk Assessments/Risk Management

The Council carries out regular risk assessments in respect of actions. The Clerk makes an annual risk management report to the Council. A review of financial management risks is included as part of the review report.

Internal Audit

Last year, the Council appointed an independent Internal Auditor, Mr Gordon Fletcher, who reports to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management
- Reviews
- Insurance cover

A review of internal audit must be carried out before the end of each financial year.

Gordon Fletcher has indicated that he is willing to carry out an audit of the Parish Council again next year. The cost of this service is £150.

Gordon was previously the Audit Manager at Easington District Council before retiring when the Unitary Council was formed and set up his own business by providing an internal audit service for Town and Parish Councils. This has grown to a current portfolio of 7 local Town Councils and 24 local Parish Councils.

Gordon is C.M.I.I.A. (Chartered Member of the Institute of Internal Auditors) qualified and has his own professional indemnity insurance.

External Audit

The Council's External Auditors are Mazars, appointed by the Smaller Authorities' Audit Appointments (SAAA). They submit an annual Certificate of Audit, which is presented to the Council, together with a copy of their report listing any issues to be raised. At the end of the Audit the Council must display the Notice of Conclusion of Audit for 14 days and must make the Annual Governance and Audit Return (AGAR) and Final Accounts available on request. These are also displayed on the Parish Council's website.

4. REVIEW OF EFFECTIVENESS

The Council has a responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of:

- The Full Council
- The Clerk to the Council who has responsibility for the development and maintenance of the internal control environment and managing risks
- The independent Internal Auditor who reviews the Council's systems of internal control
- Mazars, the Council's external auditors, who make the final check using the AGAR, which is completed and signed by the Responsible Financial Officer, the Chairman and the Internal Auditor.

5. EXTERNAL AUDIT REPORT

The external audit report by Mazars stated the following:

"On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met".

6. INTERNAL CONTROL ISSUES

The Auditors did not raise any significant issues as part of the 2019-20 Audit. The Council did need to amend figures presented as part of the AGAR submission following an external audit but this did not amend the Auditor's opinion as set out above.

The Internal Auditor did recommend that the Council open a new bank account, not associated with its existing bank, in order to further protect its finances. At present, only £85,000 would be protected as part of the Financial Services Compensation Scheme (FSCS). The Clerk has sought a new account from another provider.

The Internal Auditor also recommended that all invoices be signed by wet signature from Members approving payments. An alternative electronic provision has been arranged for this year, in view of the Covid-19 pandemic.

DECISIONS REQUIRED	<ol style="list-style-type: none">1) Councillors are requested to approve the report.2) Councillors are asked to agree to the appointment of Mr Gordon Fletcher as the Parish Council's internal auditor for the financial year 2020/21.
-------------------------------	---