

# CITY OF DURHAM PARISH COUNCIL

**Minutes of the meeting of the Parish Council Finance Committee held on Thursday 26<sup>th</sup> November 2020 at 13:00 via Zoom.**

**Present:** Councillors A Doig (Chair), E Ashby, J Ashby, V Ashfield, R Ormerod & E Scott

**Also present:** Parish Clerk A Shanley and Ms Roz Layton (St. Oswald's Institute)

Cllr A Doig in the **Chair**

## **1. Welcome and apologies**

None received.

## **2. To receive any declarations of interest from members.**

None received.

## **3. To receive and approve as a correct record the minutes of the meeting on 11 June 2020**

The minutes of the meeting held on 11<sup>th</sup> June 2020 were unanimously **agreed** as a true and accurate record of proceedings.

## **4. To receive any public participation comments on the following agenda items.**

Ms Roz Layton attended the meeting to update Committee Members on the progress by St Oswald's Institute on the refurbishment of its toilets; a project funded by the Parish Council's grant scheme (£3,700 awarded).

Roz advised that the works have been delayed due to the Covid-19 pandemic. Roz also added that the Institute also needed to carry out works to its drains before going ahead with the works to the refurbishment of the toilets.

The Clerk reminded Members that there is a requirement, as per the Parish Council's agreed grant awarding policy, for all successful grant recipients to spend the funds (as per their own applications) within 1 year of award. The Chair asked Roz if the Institute expected the works to be completed by June 2021 and Roz confirmed this to be the case. The Committee agreed that they were happy with this and the Clerk thanked Roz for keeping the Parish Council updated on progress with this project.

Roz thanked the Committee for its time and at this point left the meeting.

## **5. Report on current financial position of Council 2020-21**

The Clerk provided a detailed report on the current financial position of the Parish Council 2020-21.

The Clerk advised that the Parish Council had to date spent £116,681 and the current projected final total expenditure for Financial Year 2020-21 was (approximately) £180,296.93.

The Clerk advised that there were a number of areas of expenditure (such as the funding for administrative support for the Parish Council) which would not be

spent in the current financial year but would need to be ring fenced as expenditure for the next financial year.

The Chair thanked the Clerk for this report.

## **6. Report on Parish Council internal controls**

The Clerk provided a report on the Parish Council's internal controls as follows:

### **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.

### **3. 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.

### **4. 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".***

### **5. 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.

The Committee **noted** the report by the Clerk and thanked him for his work on this.

The Committee also **agreed** to the appointment of Mr Gordon Fletcher as the Parish Council's internal auditor for the financial year 2020/21.

## **7. Preparing for budget setting for the financial year 2021-22**

The Clerk advised the Committee that all of the Parish Council's Committees were meeting over the coming days and weeks to consider their own budget request to go forward for the Finance Committee to consider at its meeting in January.

The Clerk reminded Members that the budget would be considered firstly by the Parish Council's Finance Committee with a recommended budget and precept request going forward to the Parish Council's Full Council meeting for formal agreement. The Parish Council's precept request for the next Financial Year needs to be confirmed by the end of January 2021.

## **8. Dates of future meetings**

The date of the next meeting was **agreed** for 11<sup>th</sup> January 2021 at 1pm.

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

Signed,



**Chair of the Parish Council's Finance Committee**