

**HONITON TOWN COUNCIL**  
**Finance Committee**

Minutes of the meeting of the Finance Committee held on 5<sup>th</sup> June 2017 at 7.00pm  
at the Beehive, Dowell Street, Honiton

**Members Present**

**St Michael's Ward**

Cllr Jill McNally  
Cllr John Taylor  
Cllr John Zarczynski

**St Paul's Ward**

Cllr Henry Brown (Chairperson)  
Cllr Roy Coombs  
Cllr Vera Howard  
Cllr Caroline Kolek

**In Attendance**

1 member of the public  
Sarah Jenkins Deputy Town Clerk

**17/87 To elect a Chairman of the Committee**

Cllr Zarczynski proposed that Cllr Brown be elected Chairman of the Committee. This was seconded by Cllr McNally and was agreed unanimously.

It was unanimously agreed that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting for the following agenda item:

Agenda item 11. (To discuss the Beehive room hire charges). Exempt information relating to a contract with another party is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B).

**17/88 To elect a Vice-Chairman of the Committee**

Cllr Brown proposed that Cllr Taylor be elected as Vice-Chairman of the Committee. This was seconded by Cllr Zarczynski and was agreed unanimously.

**17/89 Apologies for Absence**

There were no apologies.

**17/90 Declarations of Interest**

None received.

*The Chairman declared the meeting out of session*

**17/91 Public questions**

The Chairman reported that a letter had been received from Mr D Perkins regarding the draft accounting statements. The Chairman read the letter.

Cllr Zarczynski advised that the internal auditor's report is still awaited and that the Council should rely on the information received from its professional advisers.

It was agreed that the figures for the Mayor's Charity need further investigation to find any possible anomalies and that a note would be included with the year-end accounts to advise Grant Thornton on the position regarding debtors and accruals.

It was also agreed that a response to Mr Perkins' letter from the Chairman would be drafted and approved by the Committee before being sent.

*The Chairman declared the meeting back in session*

## Part A Matters for decision

### 17/92 To consider sections 1 – 8 of the Annual Governance Statement 2016/17 and to make a recommendation to the Town Council

1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements  
Cllr Kolek proposed that the recommendation be made to answer YES to the statement. This was seconded by Cllr Zarczynski and following discussion was agreed unanimously.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness  
Cllr Zarczynski proposed that the recommendation be made to answer YES to the statement. This was seconded by Cllr Kolek and was agreed unanimously.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances  
Cllr Taylor advised that he would not vote. Cllr Kolek proposed that the recommendation be made to answer YES to the statement. This was seconded by Cllr Howard and was agreed (For 4; Abstentions 3).
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations  
Cllr Kolek proposed that the recommendation be made to answer YES to the statement. This was seconded by Cllr Taylor and was agreed unanimously.
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required  
Cllr Kolek proposed that the recommendation be made to answer YES to the statement. This was seconded by Cllr McNally and was agreed unanimously.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems  
Cllr Taylor recommended that the external auditor, Grant Thornton, be advised of the situation regarding the appointment of a temporary RFO and Deputy RFO and that the Council was now satisfied that it complied with this statement. Cllr Kolek proposed that the recommendation be made to answer YES to the statement and to include the footnote to the external auditor. This was seconded by Cllr Zarczynski and was agreed unanimously.
7. We took appropriate action on all matters raised in reports from internal and external audit  
Cllr Kolek proposed that the recommendation be made to answer YES to the statement. This was seconded by Cllr Howard and was agreed unanimously.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements  
Cllr McNally proposed that the recommendation be made to answer YES to the statement and to advise the external auditor of the outcome of the Judicial Review and the settlement of the Midas final account. This was seconded by Cllr Taylor and was agreed unanimously.

#### Recommendation:

**That the Annual Governance Statement be approved with the recommended footnotes advising the external auditor of the actions taken by the Town Council and the financial situation of the Council following the Judicial Review and the settlement of the Midas account.**

**17/93 To consider the draft unaudited financial statements for the year ended 31 March 2017 and to make a recommendation to the Town Council**

The draft unaudited financial statements for the year ended 31 March 2017 had been circulated in advance. There was discussion regarding the source of the donations shown in the draft income and expenditure account and the inconsistency in the loan interest/capital repayments shown in box 5 of the accounting statements on the annual return.

Cllr Zarczynski proposed that the draft unaudited financial statements for the year ended 31 March 2017 be recommended for approval to the Town Council subject to any issues raised in the internal auditor's report. This was seconded by Cllr McNally and was agreed unanimously.

**Recommendation:**

**That the draft unaudited financial statements be accepted subject to any changes recommended by the internal auditor.**

**17/94 To consider the report of the internal auditor and to make a recommendation to the Town Council**

The internal auditor's report had not been received. It was noted that it may be necessary to call an extraordinary meeting to approve the financial statements and the annual return.

**17/95 To consider the draft Statement on Internal Control and to make a recommendation to the Town Council**

Cllr Coombs welcomed the draft Statement which had been circulated in advance. It was agreed that due to current financial constraints it would be prudent for the Finance Committee to meet up to 8 times per year [last month of each quarter and first month of next quarter] to monitor the expenditure/budget closely. Cllr Taylor proposed that section 3a) (para 4) of the draft Statement on Internal Control be amended to read

*The Committee will meet up to eight times a year to ensure that all Rialtas entries are completed and the bank reconciled.*

This was seconded by Cllr McNally and was agreed unanimously.

**Recommendation:**

**That the draft Statement on Internal Control as amended be approved.**

**17/96 To review Financial Regulations and specifically to address issues raised in the internal audit report**

The Chairman proposed that a working group be set up to review Financial Regulations and to report back to the Committee. The members of the working group would be Cllr Coombs, Cllr McNally and Cllr Taylor. This was seconded by Cllr Zarczynski and was agreed.

**Recommendation:**

**That a working group be set up to review the Financial Regulations and that the members of the working group be Cllr Coombs, Cllr McNally and Cllr Taylor.**

**17/97 To discuss correspondence received regarding grants to Honiton Youth Club and to agree a response**

*The meeting went out of session to allow the member of the public to address the Committee*

The member of the public, representing Honiton Youth Club, advised that the agreed grant of £1,000 for the financial year 2016/17 had not been paid. The Chairman confirmed that the grant would be paid as agreed.

**Recommendation:**

**That the £1,000 grant agreed for the financial year 2016/17 be paid to Honiton Youth Club.**

The potential community use building was discussed, including the previously proposed grant of £5,000 from the Town Council. The Chairman advised that regrettably it was no longer possible to pay this grant due to the Town Council's financial position. It may be possible to obtain funding from alternative sources.

It was agreed that the community use building should remain in public ownership for the benefit of the community. It was further agreed that a meeting should be arranged with Devon County Council [Cllr Phil Twiss, Ali Eastland, Locality Officer], the Youth Club and the Town Council [Cllrs Brown and Zarczynski] to discuss how best to move forward before the expiry of the current lease in October.

The Chairman thanked the member of the public for attending.

*The meeting went back into session*

*The member of the public left the meeting at 8.34pm*

**17/98 To discuss the letter from Honiton Community College regarding a donation for the Three Peaks Challenge and to agree a response**

The letter was read by the Chairman.

Cllr McNally proposed that a donation of £50 be made. This was seconded by Cllr Coombs and was agreed.

**Recommendation:**

**That a donation of £50 be made to Honiton Community College for participation in the Three Peaks Challenge.**

**17/99 To discuss repairs to the bus shelter in New Street and to agree action to be taken**

A report had been circulated in advance. Cllr Taylor proposed that no action be taken. This was seconded by Cllr Zarczynski and was agreed.

**Recommendation:**

**That no work be undertaken on the New Street bus shelter due to current financial constraints.**

**Part B Matters for Decision**

*There were no members of the press or public present*

**17/100 To discuss the Beehive room hire charges**

Following discussion, Cllr Zarczynski proposed that a working group be set up to review the Beehive service charge and room hire rates and to enter negotiations with Honiton Community Complex Ltd. This was seconded by Cllr Kolek and was agreed.

**Recommendation:**

**That a working group be set up to review the Beehive room hire rates and service charge paid by the Town Council.**

**17/101 Close of meeting**

Prior to the close of the meeting, Cllr Zarczynski advised members on the current staffing situation which will have a bearing on finances. Cllr Taylor proposed that a recommendation be made that a quote be obtained for a locum to cover staff absences. This was seconded by Cllr Kolek and was agreed unanimously.

**Recommendation:**

**That arrangements be put in place to appoint a locum to cover staff absence.**

The Chairman closed the meeting at 9.33pm.