

HONITON TOWN COUNCIL

Minutes of the Extra-Ordinary Meeting of the Town Council held at the Town Council offices, The Beehive, Dowell Street, Honiton on Monday 27th June 2016

Present

St Michael's Ward

Cllr S Edwards
Cllr Hopkins
Cllr D Perkins
Cllr J Taylor

St Paul's Ward

Cllr H Brown
Cllr Coombs
Cllr P Halse
Cllr Howard
Cllr C Kolek (Chairman)
Cllr J Lake
Cllr G Smith
Cllr K Smith

In Attendance

2 members of the public
Chetna Jones – Town Clerk

The meeting commenced at 7.10pm

16/148 To receive apologies for absence

Apologies were received from Cllr A Alder (P), Cllr Harvey-Ingram (P), Cllr J McNally (P), Cllr C Melbourne (P), Cllr J Wadsworth (P) and Cllr A Mountjoy (A/L).

16/149 To receive declarations of interest and receipt of requests for new DPI dispensations on items on the agenda

Cllr Perkins – Director of the Beehive Companies – personal
Cllr Taylor – Earmarked Reserves – personal

16/150 Confidential items

It was agreed that there was one item which should be dealt with under Part B.

The Chairperson declared the meeting out of session

16/151 Public Question Time on items on the agenda

The Town Clerk reported that one question had been received.

Mr Nix was invited to ask his question.

Mr Nix asked the Town Council when considering the reserves and earmarked funds, why the largest earmarked figure was allocated to legal costs and what quantifiable benefit will this phenomenal sum of up to £60,000 be to the community?

The Mayor confirmed that she agreed that this was a vast sum and that it was for a Judicial Review. The Town Council made several attempts to settle but unfortunately left in this very difficult position which needed to remain confidential for legal reasons. Cllr Kolek confirmed that a full explanation will be provided by the Town Council as she recognised that councillors were accountable to the public.

Mr Nix was thanked for his question.

The Chairman declared the meeting back in session.

16/152 AUDIT, ACCOUNTS AND ANNUAL RETURN FOR THE YEAR ENDING 31ST MARCH 2016

Signed Chair

11th July 2016

a) Report of the Internal Auditor

The report had been circulated in advance and councillors were requested to submit any matters requiring a detailed response to the Town Clerk in advance of the meeting.

Cllr Hopkins proposed that the Internal Auditor's report be received and the Council notes the observations and recommendations. This was seconded by Cllr G Smith and **WAS RESOLVED** (2 against and 1 abstention). Concern was raised about councillor involvement in adjusting journals to council accounts. In addition it was felt that consideration should be given to outstanding pension liabilities. Furthermore it was confirmed that the Asset Register had been reviewed by the Finance Committee and approved in December 2015 when the CCTV equipment had been added.

The Town Clerk confirmed that the pension issues were overpayments rather than liabilities.

b) Asset Register

The Asset Register had been circulated in advance and councillors were requested to submit any matters requiring a detailed response to the Town Clerk in advance of the meeting.

Cllr Brown proposed that the Asset Register be approved with an asset value of £2,183,758. This was seconded by Cllr Hopkins and **WAS RESOLVED** (2 against and 1 abstention).

Concern was raised as to whether assets should be depreciated. Cllr G Smith reported that confirmation had been obtained that the Council's current Asset Register was the correct way of reporting assets for a Town/Parish Council and that assets were not depreciated. Concern was also raised about the original value of historical acquisitions such as the Fern seat and the Millstone. It was agreed that as no definite information confirming the purchase price was available at this time the original values of £1 should remain. This was seconded by Cllr G Smith and **WAS RESOLVED** unanimously.

Cllr Lake joined the meeting

c) Finance Regulations

The amended Regulations had been circulated in advance and councillors were requested to submit any matters requiring a detailed response to the Town Clerk in advance of the meeting.

Cllr Perkins proposed that the amended Financial Regulations which were in line with NALC model Financial Regulations be approved with one slight correction in section 5.6 which should refer to 5.2 rather than itself. This was seconded by Cllr G Smith and **WAS RESOLVED** unanimously.

d) Confirmation of Annual Return - Section One – Annual Governance Statement 2015/16

The Annual Return with the Accounting Statement (completed and signed by the RFO) and Internal Annual internal auditor's report (completed and signed by Kevin Rose) had been circulated in advance and councillors were requested to submit any matters requiring a detailed response to the Town Clerk in advance of the meeting.

IT WAS RESOLVED:

1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statement.

YES – prepared its accounts in accordance with the Accounts and Audit Regulations (1 against and 2 abstentions).

2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.

YES – made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge (2 abstentions)

3. We took 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 significant financial effect on the ability of this smaller authority to conduct its business or on its finances.

YES – has only done what it has the legal power to do and has complied with proper practices in doing so (1 against and 2 abstentions).

4. We provided proper opportunity during the year for the exercise of elector's rights in accordance with the requirements of the Accounts and Audit Regulations.

YES – during the year gave all persons interested the opportunity to inspect and ask questions about the authority's accounts (2 abstentions)

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.

YES – considered the financial and other risks it faces and has dealt with them properly (1 against and 2 abstentions).

6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.

YES - arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the smaller authority (2 against and 3 abstentions).

7. We took appropriate action on all matters raised in the reports from Internal and External audit.

YES – responded to matters brought to its attention by internal and external audit (2 abstentions).

8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring during or after the year-end have a financial impact on this smaller authority and where appropriate have included them in the accounting statement.

YES – discussed everything it should have about its business activities during the year including events taking place after year-end if relevant (2 abstentions).

9. (For Local Councils Only) Trust Funds including charitable, in our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.

N/A – Not a sole managing trustee of any local trusts.

The Mayor having asked councillors each of the questions above completed and signed the original form on 27th June 2016 on behalf of the Town Council and the Town Clerk signed the form on the same date to confirm the recording of the above responses.

e) Section Two – Accounting Statement 2015/16

The Annual Return with the Accounting Statement (completed and signed by the RFO) and Internal Annual internal auditor's report (completed and signed by Kevin Rose) had been circulated in advance and councillors were requested to submit any matters requiring a detailed response to the Town Clerk in advance of the meeting.

The Town Clerk/RFO confirmed that the accounts had been produced in line with legislation and proper practice. The Town Clerk/RFO explained that the expenditure included an accrued figure to cover the cost of retention on the actual and known cost of the construction of the Beehive and that additional funds had been earmarked to cover likely additional costs. When final account was known the accrued figure may need to be amended.

The Town Clerk/RFO also confirmed that the outstanding loan figure as of 31st March 2016 had been obtained directly from PWLB website.

In addition the Town Clerk/RFO clarified that all the above had been verified by the Internal Auditor who had also signed the Annual Return having checked the systems and procedures and the figures as stated on the form that was previously circulated.

Councillors were reminded that the Annual Return that had been circulated with the summons were the recommendations of both the Council's own appointed RFO and Internal Auditor.

Cllr Perkins raised concerns about the Internal Auditor's abilities and that he did not believe the figures as stated on the form to be correct. Cllr Perkins requested that where liability was quantifiable with reasonable certainty this should be included in the accounts.

Cllr Halse raised concerns as he did not believe there was certainty in the final account figures.

Cllr Perkins provided a written statement from a NALC advisor who confirmed that a reasonably accurate accrual for the remaining costs of construction under contract should be made, unless professional advice (in writing) was available confirming no further costs were due to the contractor.

Cllr Taylor suggested that a Pay Less Notice should be considered as professional advice that no further payments should be made.

Furthermore in the document provided by Cllr Perkins the NALC advisor stated that the costs in full should be included in the asset register and the accrued figure may need to be adjusted in subsequent years for any changes in the final settlement amount.

The NALC advisor also confirmed that an Internal Auditor's responsibility with regard to the Annual Return extended to the systems and procedures by which the figures have been compiled from the Council's underlying records but not

necessarily the figures themselves which they may have checked but not certified.

Cllr Perkins proposed that based on his own calculations the following changes should be made to the Annual Return before the Chairman signed them on behalf of the Council:

Box 6 should state £134,517 in order to include an additional accrual of £24,454 as outstanding expenditure for the construction of the Beehive.

Box 7 should state £118,947 as the amended balance carried forward after the expenditure adjustment.

Box 9 should state £2,208,212 in order to include the additional accrual within the Asset Register

Box 10 should state £1,019,170 as the amount of loan outstanding as of 31st March 2016.

Box 10 should further be amended to re-state the loan figure for 2015 as £1,040,134.

This was seconded and **WAS RESOLVED** (1 against) that the Chairman sign the Accounting Statement with the amended figures as above.

f) Reserves and Earmarked Funds

Cllr Perkins proposed that the Reserves available to the Council be amended to £118,947 and that earmarked reserves held for the Community Complex be removed and added to General Reserves. This was seconded by Cllr Hopkins and **WAS RESOLVED** (1 against).

Cllr Perkins left the room

16/153 Renew the Town Council Insurance for a three year agreement at £5,283.53

Cllr Brown proposed that the Town Council renew the Insurance on a 3 year agreement and that this was below the procurement of Contracts threshold as in defined the Public Contracts Regulations 2015. This was seconded by Cllr G Smith and **WAS RESOLVED** unanimously.

Members of the public were thanked for attending and asked to leave the room.

16/154 Exclusion of the Press and the Public

Cllr Kolek proposed that the press and the public be excluded from the meeting. This **WAS RESOLVED** unanimously.

The meeting was adjourned for a short comfort break and reconvened at 8.36pm.

Cllr Perkins re-entered the room.

16/155 Consideration of an alternative motion to that previously agreed regarding the car park access as requested by Cllr Alder, Cllr G Smith, Cllr Brown, Cllr Harvey-Ingram, Cllr Kolek and Cllr Coombs

Cllr G Smith proposed that as a less overt option an alternative measure be implemented up to £2,000. This was seconded by Cllr Howard and **WAS RESOLVED** (2 against and 1 abstention).

16/156 Close Meeting

The meeting was closed at 9.07pm.