

HONITON TOWN COUNCIL

Minutes of the Extraordinary Meeting of the Town Council held at the Mackarness Hall, High Street, Honiton on Tuesday 26th June 2018 at 7.00pm

Present

St Michael's Ward

Cllr Sheila Edwards
Cllr Jill McNally
Cllr John Taylor
Cllr John Zarczynski
Cllr Philip Carrigan
Cllr Ray Hanratty
Cllr Nicolette Macve

St Paul's Ward

Cllr Henry Brown (Chairman)
Cllr Terry Darrant
Cllr Vera Howard
Cllr Daniel Jefferson
Cllr Mike Jones
Cllr Caroline Kolek
Cllr Duncan Sheridan-Shaw
Cllr Roy Coombs

In attendance

Mark Tredwin, Honiton Town Clerk
Heloise Marlow Deputy Town Clerk
Mr Kevin Rose – Internal auditor
Two members of the public
Two members of the press

18/667 To receive apologies for absence

None received.

18/668 To receive declarations of interest and receipt of requests for new DPI dispensations on items on the agenda

Cllr S Edwards – Member of the Honiton Community Complex charity - Personal

18/669 To note the grant of dispensations made by the Town Clerk in relation to the business of this meeting.

The meeting went out of session at 7.01pm

18/670 Public question time on items on the agenda

There were no public questions.

The meeting went back into session at 7.02 pm

18/671 Budget Performance 1 April 2017 to 31 March 2018

The Town Clerk presented his report previously circulated and advised that since his previous report on 14th May 2018 following a review of payments by Kevin Rose, the Council's internal auditor there had been some changes to the way payments had been coded. The report sets out the main changes which are:

- Precept
- Some staffing costs had been incorrectly coded – this had now been corrected.
- One payment had been moved to debtors as this payment was in dispute and as some, all or none of the payment may be recovered.

The recommendation was for Councillors to note the report.

Cllr Taylor queried whether the Council reserves should be 25% of the precept or 25% of the Council's turnover. Kevin Rose confirmed that there was no fixed percentage or formula in respect of the amount to be held in reserves. This was at the discretion of the Council.

Members **RESOLVED** unanimously to note the report.

Proposed by Cllr Kolek and seconded by Cllr Jones.

18/672 Annual Governance and Accountability Return for the year ended 31 March 2018

The Town Clerk presented his report previously circulated and took Members through the comments made in response to the internal auditor's observations as follows:



Honiton Town Council
Year End Internal Audit Observations 2018

Audit visit date	Priority	Observation	Recommendation	Status	Comments
31 May 2018	H	It is not clear from a review of the Minutes, that the Council has in place a formal process for the regular review of financial performance against budget	The Council should put in place a formal process for the reporting and monitoring of performance against budget. Such a review should take place at least quarterly	Pending	This new process has been included in the financial regulations for 2018-19. Meetings are being scheduled for Finance Committee is every three months. Information will also be brought to Full Council monthly.
	H	It was noted that the Omega systems records a precept of £250,375 whereas the actual precept was £247,937 (the difference is due to a grant being recorded as part of the precept)	Council to note the actual precept for 2017-18 was £247,937	Pending	This has now been corrected and the AGAR reflects the changes.
	H	There is no evidence that bank reconciliations have been subject independent review and approval.	On a monthly basis the bank reconciliation and supporting banks statements should be subject to review by a Councillor who should initial reconciliation and bank statements as evidence of review	Pending	There is now a procedure in place that will see the monthly Reconciliations subject to independent checking by a non-signatory councillor each month.
	H	The Council is not VAT registered but does receive a limited amount of parking income which is related to the market (this should be VATable) through an arrangement with East Devon District Council.	The Council to clarify with East Devon what the VAT accounting arrangements are in respect of this income. If necessary the Council should write to HMRC and request a dispensation from VAT registration	Pending	EDDC will be contacted. At present no payment has been made to EDDC and as such will need further investigation.
	H	It was noted that the payroll invoice from East Devon has been approved but it is unclear if councillors have actually reviewed pay to individual staff.	The supporting payroll calculation to be signed in addition to East Devon invoice	Pending	This will now be carried out during the course of the monthly schedule of payment checks.
	H	The Council maintains an asset register which was subject to reviewed on 20th March 2018. It was noted that the register includes a number of assets within the Beehive	Council to verify status of its assets which are located in, and used by, the Beehive. Confirmation to be obtained from Beehive of the ownership status of these assets	Pending	This forms part of the ongoing investigation with HCC and has been raised yet again by the clerk with HCC.
	H	The asset register provided during the audit visit did not agree to value stated on 2017 Annual Return	Council to review and verify assets and agree to value stated in the Annual Return	Pending	The asset register is currently being reviewed and will be brought to council for verification.
	H	It was noted that there is an accrual in respect of a disputed service charge invoice which has been made on a 'best estimate' basis	Council to formally review and confirm accruals. The Council should specifically review and agree the accrual made in respect of the Beehive service charge.	Pending	This accrual was taken to Full Council on 11 June for their consideration and noting. Minute 18/681.

Audit visit date	Priority	Observation	Recommendation	Status	Comments
	H	The tender threshold in the draft Financial Regulations is £60,000. The latest NALC Model Regulations and the Public Contract Regulations set a threshold at £25,000.	Council to set tender threshold at £25,000 consistent with Public Contract Regulations	Pending	This was amended in the final version of the draft regulations adopted by members on 11 June.
	M	A sample of bank payments was selected. One payment in respect of a mobile phone bill could not be traced. A further invoice was a 'pro forma' invoice not a VAT invoice.	Council to note missing invoice and to obtain a copy of a valid VAT invoice	Pending	This is currently being looked into with the intention to move to another mobile phone provider in the near future.
	M	Council has paid lump sum allowances to Councillors and Mace Bearer but has not done so under PAYE. It is understood that the Clerk has notified HMRC and that in future all such allowances will be paid under correct PAYE arrangements. Casual market staff also not paid under PAYE	Council to review PAYE arrangements	Pending	Any members receiving an allowance will be paid through EDDC Payroll services in future. This will also apply to payments made to the Mace bearer/town crier.
	L	From review of the draft Annual Return numbers some costs were incorrectly included as part of staff costs (for example Recruitment Costs). Staff costs should only include cost related to staff remuneration and pensions. These costs were reclassified during the audit visit	Council to note	Pending	These costs were amended for the 2017-2018 AGAR. A watch will kept to ensure that errors of this type are Minimised.
	L	The Council is Trustee of the Mayors Charity. As at 31st March 2018 there is a zero balance on Mayors Charity account	Council to note	Pending	This has been addressed at the Full Council meeting on 14 May. The clerk informed members that any charitable Funds would be allocated separately and held in the Lloyds Account.
	L	Due to the need to priorities other specific areas of the Councils activity limited audit review was undertaken of income during year. This will be subject of detailed audit review during the next interim audit visit	Council to note	Pending	Officers will work with the internal auditor on this aspect of the accounts

Cllr Edwards asked for clarification as to whether the software Omega referred to was part of Rialtus and the Town Clerk confirmed that this was the case.

Cllr Carrigan queried whether the fixed assets were capital assets which were expensed on reporting and part of a general ledger account which could then be reconciled. Kevin Rose advised that as the Town Council is a not for profit organisation assets are expensed in the year they are purchased and are then not in the balance sheet.

Cllr Taylor advised that the parking referred to in the internal auditor's observations 2018 relates to parking charges which the Market Manager receives from traders and which is then paid over in a lump sum once a year to EDDC. HTC also receives some parking payments which provide income to HTC.

Cllr Coombs had a question regarding the internal auditor's observations relating to the Mayors Charity. This states that the Council is the Trustee for the Mayors Charity. However, the boxes N/A have been completed in the Annual Internal Audit Report 2017/2018 signed by Mr Rose in relation to the Council meeting its responsibilities as a trustee. Were these statements not contradictory?

Kevin Rose confirmed that the declarations in the Annual Return relate to charities which are registered with the Charity Commission. The Council's Mayors Charity is not registered and therefore these questions do not apply to it.

Cllr Coombs raised the following. In May 2017 which is therefore within the relevant financial year, the Mayor announced that £1000.00 would be donated from the Mayor's Charity to fund a defibrillator in the town with local businesses being asked to contribute. Should this figure be an accrual in the accounts?

The Town Clerk confirmed that there were now separate cost centres for items such as defibrillators, hot pennies and charter day and there will also be a separate bank account. Unfortunately, no payment can be made from the Mayors Charity if there is no money in the account which is currently the case. Kevin Rose confirmed in addition that accruals are only in relation to monies which the Council is obligated to pay or which is a liability. This was a proposed grant and would be a discretionary payment by the Council. Cllr Coombs queried whether the Council as the Trustee of the Mayors Charity would be liable for the £1000.00 contribution, but Kevin Rose confirmed that the Council would not be liable.

Cllr Taylor stated that 13 tickets for the Mayors Charity ball had not been paid for – had this money been written off? Cllr Brown advised that as the finances of the Mayor Charity had previously been agreed and signed off he was not willing to discuss the matter further.

Members **RESOLVED** to approve the Annual Governance and Accountability Return for the year ended 31st March 2018 and to authorise the Mayor and Town Clerk to sign the document on behalf of the Council.

Proposed by Cllr Brown and seconded by Cllr Sheridan-Shaw.

18/673 To close the meeting

The meeting was closed at 7.34 p.m.