

**HEREFORD CITY COUNCIL**  
**FINANCE AND POLICY COMMITTEE 18<sup>th</sup> June 2019**

**MINUTES OF MEETING**

**Present** : Councillors Polly Andrews, Sue Boulter, Mark Dykes, Cat Hornsey, Diana Toynbee, Aubrey Oliver, Paul Stevens and Brian Wilcox.

**In attendance** : Steve Kerry, Town Clerk and Responsible Financial Officer

At the start of the meeting outgoing Chair reminded all present of the fire procedure.

**FP2019/20.11 ELECTION OF CHAIR AND VICE CHAIR**

It was proposed by Councillor Dykes, seconded by Councillor Wilcox and unanimously

**RESOLVED That Councillor Stevens be elected Chair of the Committee**

It was proposed by Councillor Boulter, seconded by Councillor Toynbee and unanimously

**RESOLVED That Councillor Wilcox be elected Vice Chair of the Committee**

**FP2019/20.12 APOLOGIES FOR ABSENCE**

Apologies were noted from Councillor Butler

**FP2019/20.13 APPOINTMENT OF SUBSTITUTES**

It was noted that Councillor Butler had appointed Councillor Andrews as substitute. The Chair thanked Councillor Andrews for stepping in to cover the meeting.

**FP2019/20.14 DECLARATIONS OF INTEREST**

No declarations were made.

**FP2019/20.15 MINUTES OF PREVIOUS MEETING**

It was proposed by Councillor Wilcox, seconded by Councillor Dykes and unanimously

**RESOLVED That the minutes of the meeting of 16<sup>th</sup> April 2019 be accepted as a true account and be signed accordingly by the Chair.**

At this point Councillors Oliver and Hornsey entered the meeting.

**FP2019/20.16 SCHEDULE OF PAYMENTS**

The Clerk introduced the schedules and reminded members that it is helpful if specific queries are raised with him before the meeting so full answers can be given. In answer to questions it was confirmed that the card payment for "Blue Lion Taxi" was the identification used by the firm, even though it is not the name on the side of the cars. It was also confirmed that the member of staff who has been sponsored to learn to drive to assist with roadshow venues has completed his lessons, passed his theory and failed his practical. He is re-taking the practical element of the test at his own expense.

There being no further queries the schedule of payments was noted.

## **FP2019/20.17 BANK RECONCILIATIONS**

The Clerk reported that the bank reconciliations had been signed by Councillor Wilcox as the member re-appointed to do so by Council.

Councillor Oliver queried whether the cheque for MHDC long outstanding had either been presented now or cancelled. The Clerk undertook to investigate and reply by email to the Committee.

There being no other queries the bank reconciliation was noted.

It was noted with approbation that the temporary Finance Officer has completed both the schedule of payments and the bank reconciliations without any support from the external accountants, which means she is now operating in the same way as the permanent member of staff who is on maternity leave.

## **FP2019/20.18 2018/19 CLOSURE OF ACCOUNTS & FINANCIAL REPORT**

The Chair thanked Councillor Oliver for scrutinising the draft accounts before the meeting and giving notice of some technical questions. The Clerk confirmed that in response the accountants had produced a revised set of accounts clarifying the presentation of information on depreciation and adding a full asset register to support their figures.

In discussion it was confirmed that the allotments will be revalued using the DEFRA formula for agricultural land in the region multiplied by the hectareage of the sites to give an up to date value. This will confirm the asset is below the de minimis level and the consent of the Secretary of State will not be needed to dispose of a long lease for a peppercorn, rather than at full market value.

It was noted that the asset register contains many items of relatively low value such as litter bins bought in 2011 which may have no residual value now. The Chair commented that he and officers had done a line by line review of the revenue budget last year, it would be timely to do a similar update and review of the asset register, and report to the Committee. Some assets shown, such as the disability swing, were shown on the register as the Council had paid to acquire equipment, and thus that equipment was correctly added to the register for the year. However, in some cases items should be transferred to new owners, which would also be reported to a future meeting of the Committee.

It was also noted that there are several earmarked reserves listed historically, but in some cases the purposes for which they have been earmarked may no longer be relevant. This does not affect the closure of accounts for the previous financial year but will be reviewed to see if more funds can be shown in the general reserve to give a more accurate picture of funds available. This would in turn inform a decision on investing surplus balances with CCLA to add to the Public Sector Property Fund sum of £400,000.

Members noted that substantial funds are held in the non-interest bearing current account or on low levels of interest at Lloyds. The Chair referred to an approval given at the end of the last financial year to open a CCLA Public Sector Deposit Account which offers better interest and instant access. The Clerk explained that it would have

been unwise to open this account before the elections as account signatories etc might well change. Now the Council was settled it would be timely to proceed. The Committee asked that a final check on the competitiveness of the interest rates and the continued high credit rating of CCLA be made, and if these both prove satisfactory that the Clerk acts on the earlier decision.

It was then proposed by Councillor Wilcox, seconded by councillor Dykes and unanimously

#### **RESOLVED**

**That the draft accounts and financial statements be agreed and recommended for acceptance by Council on 25<sup>th</sup> June 2019.**

**That a CCLA Public Sector Deposit Account be opened and balances not immediately required for week by week transactions be deposited there, subject to satisfactory final checks on credit rating and interest rates as mentioned above.**

#### **FP2019/20.19 2018/19 INTERNAL AUDIT REPORT**

The Clerk presented the internal auditor's final report for the last financial year and he was pleased to report this was an unqualified report and that the auditor had signed the relevant sections of the annual governance and accountability report to indicate his acceptance that the Council had sound procedures in place and was operating them. Referring to the observations made, the Clerk also introduced his report commenting on these. In order to bring the Committee fully up to date, the Clerk reported that there were in fact no new financial regulations for 2018 or 2019 as previously suggested. The model financial regulations issued by NALC and SLCC in 2016 were still the most up to date model and had been re-adopted by Council, most recently in May 2019. This had also been updated on the website. A new practitioners guide to best practice in accounting had been issued in 2019 and the auditor had sent the Finance Officer a copy for reference.

In relation to other matters raised by the auditor, members asked for clarification of any future changes to prevent the confusion that had arisen over the inconsistent invoicing practices of a contractor and his ambiguous use of terms relating to VAT. The Clerk reported that this had finally been resolved by the Finance Officer drafting a correct invoice and sending to the contractor for him to return. The final position was that work had been executed well, the purchase orders, invoice and payment were now properly aligned and the VAT position correctly accounted for. It was noted that any invoice without a VAT registration number must not be paid if there is an indication from the supplier that VAT has been charged, and that the Finance Officer, the Clerk and the cheque signatories would look out for this in future.

There was some discussion of the Mayor's Charity and the previous resolution of this Committee regarding the Clerk taking an overview of arrangements to make sure they are in place to ensure funds are properly accounted for and disbursed to the charities in a timely and accurate manner. The Clerk confirmed that this had not been a problem since the issue several years ago of a Mayor who had not completed the disbursement to charities eighteen months after they had left office. Since then, accounts had been closed on or before the end of September following the term of

office of the Mayor, and Councillor Boulter confirmed as the most recent former Mayor this was on target to be completed on time this year.

Members asked the Clerk to enquire of the internal auditor what his fee would be to carry out an inspection of the charity accounts (which are not part of the Council's accounts and are kept by the Mayor's Officer and Secretary) to check that monies had been accounted for on receipt and that a proper disbursement to the nominated charities of net proceeds after legitimate expenses had been paid had occurred. The Clerk will report the outcome of this enquiry to a future meeting of the Committee and it will then be decided as to whether this is an appropriate matter to be referred for formal audit or inspection.

It was then proposed by Councillor Stevens, seconded by Councillor Oliver and unanimously

**RESOLVED**

**That the final internal audit report for 2018/19 be accepted.**

**That the Clerk establishes the fee the internal auditor would charge to inspect the Mayor's charity account in September or October each year as part of the half year audit and presents a further report to Committee.**

At this point Councillor Boulter left the meeting.

**FP2019/20.20 ITEMS FOR FUTURE MEETINGS**

Key projects update

Review of asset register

Review of earmarked reserves

Report on using the internal auditor to scrutinise the Mayor's charity account.

It was noted that the bank had confirmed that Councillors Andrews and Hornsey have been added to the list of cheque signatories, joining Councillors Boulter and Kenyon.

**FP2019/20.21 DATE OF NEXT MEETING**

Tuesday 16<sup>th</sup> July 2019 at 6 pm at the Town Hall.

Signed ..... Date .....