



**MAGHULL
TOWN
COUNCIL**

Maghull Town Hall

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Dated this 11th Day of July 2018

NOTICE IS HEREBY GIVEN that a meeting of the AUDIT AND GOVERNANCE COMMITTEE will be held in the COUNCIL CHAMBER at MAGHULL TOWN HALL on WEDNESDAY 18th JULY 2018

There will be training with the Auditor from 6-6.30pm.
The meeting will start at 6.30pm

Note: DECLARATIONS OF INTEREST – If a Member requires advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote, he/she is advised to contact the Town Clerk at least 24 hours in advance of the meeting.

AGENDA

- 1 Apologies for Absence
- 2 Declarations of Interest
- 3 Public Participation
- 4 To confirm the minutes of Audit and Governance Committee held on 25th April 2018 (Pages 1 – 3)
- 5 Work Programme 2018/19– Members are asked to consider the report (Pages 4 - 6)
- 6 Internal Audit Report Quarter 4 – Members are asked to consider the Internal Audit Report for Quarter 4 (Pages 7 - 11)
- 7 Chair's Report – for noting only
- 8 ***Exclusion of the Press and Public***

That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they contain exempt information under paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Act, and it would not, on balance, be in the public interest to disclose the reports.

- 9 Update on Lease Agreements, Late Payers and Bad Debtors (Pages 12 – 16)

Miss A. McIntyre
Chief Executive



MAGHULL TOWN COUNCIL
AUDIT & GOVERNANCE COMMITTEE MEETING
HELD 25TH APRIL 2018

PRESENT – Councillor J. Sayers (In the Chair) and Councillors (Cllrs) Desmond and Hart.

ALSO PRESENT – A. Spencer (Contracts, Operations and Business Development Manager), D. Healey (Finance Officer) and S. Larking (minutes).

1. APOLOGIES FOR ABSENCE – Cllrs Carlsen, R. Deegan and Y.Sayers.

2. DECLARATION OF INTERESTS – None.

3. PUBLIC PARTICIPATION – None notified.

4. MINUTES OF THE PREVIOUS MEETING

RESOLVED that: The minutes of the meeting held on 14th March 2018 were a correct record.

5. REVIEW OF CONSTITUTION, FINANCIAL REGULATIONS AND SCHEME OF DELEGATION

The Contracts, Operations and Business Development Manager and Finance Officer reported that there is a requirement to review the Council's Constitution, Financial Regulations and Scheme of Delegation on an annual basis. The Constitution and Financial Regulations were amended last year and have not needed amendments. Some changes have been made to the scheme of delegations to expand delegations to the Chief Executive or members of the senior management team for operational reasons and to reduce burdens on Cllrs. For example, it was proposed that the Chief Executive is authorised to release CCTV footage to support Police operations.

Cllrs noted the following points:

- Employed professional staff so they should have appropriate delegations
- Reports to highlight changes more clearly e.g. track changes
- To consider training on the Constitution for new Cllrs.

RESOLVED that:

- 1. Constitution be presented to Council;**
- 2. Financial Regulations be presented to Council;**
- 3. Revised delegations be presented to Council;**
- 4. The report be noted**

6. INTERNAL AUDIT – UPDATE ON TENDER FOR SERVICES

The Finance Officer reported that three quotes had been received for the internal audit service from 1 April 2018:

Quote 1 (Local Government)

Quote 2 (Voluntary Sector)

Quote 3 (Independent)

The Finance Officer ran through the key points from each tender including costs.

In response Cllr made the following points

- Important to have robust audit arrangements in place to support and challenge the Council
- To appoint an auditor for a period of 3 years, subject to satisfactory performance.
- Quotation One to be recommended to Full Council to be accepted for 1 years with an option to extend for further 3 years

RESOLVED that:

- 1. Quote 1 be recommended to Council;**
- 2. The report be noted**

7. FIXED ASSET REGISTER

The Finance Officer reported that work on fixed assets was progressing. It is reviewing:

- All items owned by the Council including gardening and engineering equipment; and
- Assets over £1,000.00

RESOLVED that:

- 1. The report be noted**

8 .UPDATE ON SERVICE STANDARDS AND MONITORING

The Business Development and Contracts Manager reported that the dashboard pro-forma was being developed and would be presented at future meetings. The report provided an update on progress against standards for 2017/18. Some slippage on inspections due to vacancy in engineering team.

Key points made by Cllrs

- Graffiti to be dealt with promptly; paint whole surface not just the graffiti; graffiti on pavilion at Whinney Performance to be removed
- Noted slippage on monthly inspections of play equipment; reassured that repairs carried out promptly
- All tyres to be removed from parks, priority is to remove those tyres with cords/metal bands for safety reasons
- Risk assessments for work undertaken should be documented; accepted that reporting by exception has been appropriate to date
- Cllrs encouraged to visit parks and report any issues

RESOLVED that:

- 1. The report be noted**

9 .GENERAL DATA PROTECTION REGULATIONS

The Business Development and Contracts Manager reported that new data protection regulations (GDPR) would be introduced from 25 May 2018. The Council is preparing for the introduction of the regulations. Maghull is twinning with Prescot Town Council and other Sefton parishes to develop a GDPR toolkit, based around the 8 guiding principles. Training will be available for officer and Cllrs.

RESOLVED that:

- 1. The report be noted**

10. EXCLUSION OF THE PRESS AND PUBLIC

Resolved that the press and public be excluded due to the confidential nature of the item under discussion.

11. UPDATE ON LEASE AGREEMENTS AND LATE PAYERS

The Business Development and Contracts Manager reported that 3 sports clubs owed over £2,000. Work had started to clean the Tennis Courts and a maintenance schedule was in place (1 day a week). No income had been received. The Chair of the Tennis Club reported ongoing issues in changing the Club's bank account. A cheque for £300 was promised by 27 April. No keys have been provided, as agreed the last Audit and Governance, for the Pavilion.

Points raised by Cllrs in discussion:

- Deadline of 15 May 2018 for Maghull Tennis Club to pay outstanding invoices
- Consider if contracts for clubs who have not paid for 2017/18 season are renewed
- Review debtors policy

RESOLVED that:

- 1. Deadline of 15th May for Maghull Tennis Club to pay outstanding invoices;**
- 2. Debtors policy to be reviewed;**
- 3. The Report be noted.**

12. CHAIRS REPORT

No report given

CHAIRMAN

Report to:	Audit and Governance Committee
Date of Meeting:	18 th July 2018
Agenda Item Number	5
Subject:	Work Programme 2018/19
Report of:	Operations, Contracts & Business Development Manager
Exempt / Confidential Report:	No

Summary

To propose a work programme for the 2018/19 municipal year for Audit and Governance Committee.

Recommendation(s)

Audit & Governance Committee is requested to:-

1. Review, and where necessary amend the proposed work programme for 2018/19.
2. Note the contents of this report.

Reasons for Recommendation(s)

Although Maghull Town Council has strong arrangements regarding auditing, accountability and financial control, officers have identified a number of areas which can be improved further. Incorporating these areas into a formalised work programme will ensure a check and balance with Audit & Governance Committee, both in terms of how the area is being progressed and completion against stated deadlines.

Alternative Options Considered and Rejected

None.

What will it cost and how will it be financed?

(A) Revenue

(B) Capital

Implications of Recommendations:

Resource Implications	Officer time in the progressing of each work area.
Legal Implications	
Equality & Diversity Implications	

Implementation Date for Decision

Immediately following the conclusion of Audit and Governance Committee.

Appendices

None

Background Papers

None

Contact Officer	Alex Spencer – Operations, Contracts & Business Development Manager
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1. Background

Maghull Town Council has good arrangements regarding auditing, accountability and financial year.

As an organisation, these arrangements are independently verified both by an internal and external auditor, with compliance signed off by Council each financial year.

Historically, officers have produced a work plan for the internal auditor, which is assessed each quarter and a report produced. This information is reported to Audit & Governance Committee at the earliest opportunity.

The process has worked well, however officers are aware that some areas – whether that be formally submitted to the internal auditor, or previously reported to Audit & Governance Committee, need to be worked through in more depth.

It is these areas which officers propose to formulate the 2018/19 work programme for Audit & Governance Committee.

2. Proposed Work Programme 2018/19

Officers proposed the following work programme for the consideration and amendment of Members:

Work Area	Date for Completion
Organisational Risk and Risk Management Arrangements	October 2018
Late Payers and Escalation Policy	October 2018
Processes for the Authorisation of Payments	October 2018
Service Standards	October 2018
Arrangements for free charging for community hire	October 2018
Procurement rules and processes	January 2019
Organisational Compliance with General Data Protection Regulation (GDPR)	March 2019
Fixed Asset Register	March 2019
Review of Standing Orders, Financial Regulations and Scheme of Delegation	March 2019

Recommendation(s)

Audit & Governance Committee is requested to:-

1. Review, and where necessary amend the proposed work programme for 2018/19.
2. Note the contents of this report.

Report to:	Audit and Governance Committee
Date of Meeting:	18 th July 2018
Agenda Item Number	6
Subject:	Internal Audit Report Quarter 4 2017/18
Report of:	Finance Officer
Exempt / Confidential Report:	No

Summary

Sefton CVS have completed their internal audit for the fourth quarter of 2017/18, the findings of which are found in the attached report.

Recommendation(s)

Audit & Governance Committee is requested to:-

1. Note the contents of this report.

Reasons for Recommendation(s)

The report raises no issues or further actions. This is the final report from Sefton CVS. The quarter 1 report for 2018/19 will be provided by Knowsley Council. This will be presented to Audit and Governance Committee at the next meeting on 17th October.

Alternative Options Considered and Rejected

None.

Implications of Recommendations:

Resource Implications	None
Legal Implications	None
Equality & Diversity Implications	None

Implementation Date for Decision

Not applicable.

Appendices

Quarter four report from Sefton CVS

Background Papers

None

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Sefton CVS

Supporting Local Communities

Private & Confidential
Chief Executive and Town Clerk
Maghull Town Council
The Town Hall
Maghull
Merseyside
L31 7BB

3 July 2018

Dear Chief Executive and Town Clerk,

We have completed our fourteenth quarterly visit in accordance with the agreed internal audit plan. I thank you and your staff for the help that we have received in carrying out the procedures.

As requested, I am reporting to you our findings so that any action which may be required by the council can be undertaken.

Our tests are performed on a sample basis and are designed to highlight potential problem areas that need addressing. They are not designed to identify all errors or instances of fraud that may occur.

Scope of work

This quarter, Quarter 4 2017/18 (1 January 2018 – 31 March 2018), we have performed work on your systems, concentrating on the following:

- Agree figures to core records
- Agree that Council's financial regulations have been met
- Bank reconciliation review
- Completion of Annual Internal Audit Report in Annual Return
- Nominal activity review
- Obtain annual accounts
- Review all income and expenditure especially over £5,000
- Review of council reports and minutes
- Review of payments of interest and principal in respect of loans are in accordance with agreed schedule
- Review grant expenditure
- Review proper legal power used on expenditure
- Value Added Tax review and testing
- Wages reconciliation to P35 and testing

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Registered Charity No. 1024546 Company Limited by Guarantee No. 2832920

Agree figures to core records

Agreed figures per detailed accounts to trial balance
Agreed fixed assets to Land and Property register
Agreed debtors to aged debtors analysis
Agreed creditors to aged creditors analysis
Agreed bank balance in accounts to bank reconciliation and bank balances on trial balance agreed to bank statements
Agreed petty cash balance to petty cash records - nil

Conclusion: Figures agreed to core records

Agree that Council's financial regulations have been met

Tests carried out during year indicated compliance with Financial Regulations.

Conclusion: Council's financial regulations have been met.

Bank reconciliation review

Reviewed reconciliations of bank balances at 31 March 2018:

Current account:

Balance per bank statement £13,858.85

Balance per trial balance £13,858.85

Business Select 14 day account:

Balance per bank statement £654,713.95

Balance per trial balance £654,713.95

Conclusion: The bank accounts have been correctly reconciled at 31 March 2018.

Completion of Annual Internal Audit Report in Annual Return

A. Appropriate accounting records have been kept properly throughout the financial year – Yes – Test 1 (Jan-Mar).

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for – Yes – Tests 11 (Jan-Mar) & 12 (Jan-Mar).

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these – Yes – Test 8 (Apr-Jun).

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate – Yes – Test 1 (Jul-Sep), Test 1 (Oct-Dec).

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was properly accounted for – Yes – 9 (Jul-Sep), 2 (Oct-Dec) & 12 (Jan-Mar).

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for – Yes – Test 4 (Oct-Dec).

G. Salaries to employees were paid in accordance with council approvals, and PAYE and NI requirements were properly applied – Yes – Test 3 (Oct-Dec), 13 (Jan-Mar).

H Asset and investments registers were complete and accurate and properly maintained – Yes – Test 1 (Jan-Mar).

I Periodic and year-end bank reconciliations were properly carried out – Yes – Test 3 (Jan-Mar).

J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and were appropriate debtors and creditors were properly recorded – Yes – Tests 1 & 3 (Jan-Mar).

Conclusion: the Annual Internal Audit Report in Annual Return has been completed

Nominal activity review

Reviewed Nominal Ledger activity from 1 April 2017 to 31 March 2018

Conclusion: Nominal ledger review did not disclose items to be queried.

Obtain annual accounts

The figures in the accounts in Annual Return were agreed to accounting records

Conclusion: Accounts agree to accounting records.

Review all income and expenditure especially over £5,000

Reviewed Nominal Ledger Activity. No exceptional items noted.

Conclusion: Review of income and expenditure did not disclose items to be queried.

Review of council reports and minutes

Reviewed minutes of Council Meeting held on 24 January 2018 and 7 March 2018

Conclusion: The review of the Council minutes disclosed no items to be reported.

Review of payments of interest and principal in respect of loans are in accordance with agreed schedule

Agreed loan interest, principal repayments and closing capital balances to Public Works Loan Board statements and the Loan Schedule.

Conclusion: Loan Schedule agrees to statements from the Public Works Loan Board.

Review grant expenditure

Grants are made under the General Power of Competence, which has been adopted by Maghull Town Council. A grant of £2,000 was made to Maghull in Bloom and is disclosed on the Maghull Town Council website.

Conclusion: One grant was made, and was properly given under the General Power of Competence.

Review proper legal power used on expenditure

Financial Regulations dated April 2017 para 6.3 states 'A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices, etc., presented to the Authorised Signatories. All new Direct Debits and Standing Orders shall be authorised by one of the following Officers – RFO or in their absence the Business Development, Operations and Contract Manager and any two Members of the Council, identified on the Authorised Signatory list.' Compliance checked from July to September 2017.

Conclusion: Proper legal power is used on expenditure.

Value Added Tax review and testing

The VAT return for the quarter ended 31 March 2018 was agreed to the accounting records. A sample of 10 sales invoices and 10 purchase invoices was checked to test that VAT was correctly accounted for.

Conclusion: VAT is correctly accounted for.

Wages reconciliation to P35 and testing

Payroll records for March 2018 agreed to Nominal Ledger.

Conclusion: Wages are correctly accounted for.

Would you please write to me with any comments you may have regarding the points raised above.

Kind regards.

Yours sincerely,

Anthony Deegan
Finance Manager
Sefton Council for Voluntary Service

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