

HOLYWELL TOWN COUNCIL

CYNGOR TREF TREFFYNNON

Minutes of the **Meeting of the Audit Sub-Committee** held in the Council Chamber, Bank Place Offices, Holywell on Tuesday, 27 June 2017 at 5.30pm.

PRESENT: Councillor E.B. Palmer (Chairman) – see minute No. A1).
Councillors: J.M. Johnson, (Mayor – who presided for minute No A1), P.A. Johnson and B. Scragg.

APOLOGIES FOR ABSENCE were received from Councillors P.J. McGarry and K. Roberts.

IN ATTENDANCE: J. Baker (Clerk), D.C. Pierce (Retiring Clerk), C.S. Lowry (Support Officer).

A1. ELECTION OF CHAIRMAN 2017/18

RESOLVED:

That Councillor E.B. Palmer is elected Chairman of the Audit Sub-Committee for 2017/18.

A2. APPOINTMENT OF VICE-CHAIRMAN 2017/18

RESOLVED:

That Councillor B. Scragg is appointed Vice-Chairman of the Audit Sub-Committee for 2017/18.

A3. DECLARATIONS OF INTEREST – MEMBERS’ CODE OF CONDUCT

None.

A4. BANK RECONCILIATION 2016/17 – ANNUAL STATEMENT

Members considered the Reconciliation Statement for the financial year 2016/17, circulated with the agenda. The contents had been verified on 13 June 2017 by the Council’s Internal Auditor as part of the Annual Return requirements. The Clerk explained the background to the entries, and highlighted the closing bank balance, the investment bond and the value of unrepresented payments.

RESOLVED:

- (1) That the Statement together with the Clerk's report be received and noted.
- (2) That the Clerk seeks further clarification on the recommended best practice guideline for Local Council cash and bank balance reserve levels.

A5. AUDIT OF THE COUNCIL'S ANNUAL ACCOUNTS 2016/17

Members had before them a copy of the report of the Internal Auditor following the comprehensive audit of the Council's accounts which had been carried out on 13 June 2017 by JDH Business Services. The report concluded that *"On the basis of the internal audit work carried out, in our view the Council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the issues reported in the action plan submitted. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan"*.

It was noted that all issues and associated recommendations from the 2015/16 internal audit have been implemented. The Clerk reported on the recommendations/action in respect of the Internal Audit report for the financial year ended 31 March 2017, as follows:

No.	Issue	Recommendation	Clerk's Response
1	Financial Regulations state budgetary control is half yearly, this is now quarterly; Procurement section states the Clerk shall enter into contracts between £4k and £50k after securing three quotations.	Financial Regulations should be updated to reflect the more frequent budget reviews, and also to indicate that it is the Council not the Clerk that shall enter into a contract.	Financial Regulations will be updated and brought to a forthcoming Audit Sub-Committee for approval.
2	Fixed asset register includes a leased photocopier; if the leasing arrangement is a finance lease this is correct, but if it is an operating lease the item should be removed from the asset register.	The classification of the lease should be determined. If the arrangement is an operating lease then the item should be removed from the asset register.	The leasing arrangement for the photocopier is an operating lease; therefore this item will be removed from the Asset Register in due course.

3	The Council is moving to internet banking, and implementing a petty cash float or debit card to defray minor expense items.	The Council should review best practice model financial regulations for online payments and access controls and verifying supplier bank details. The level of petty cash float or debit card transaction limits should be stated in the financial regulations and minutes. Activity should be reported to Council for approval.	Financial Regulations will be updated and brought to a forthcoming Audit Sub-Committee for approval. Online banking will be progressed as part of any future bank transfer plans. All petty cash or debit card activity will be included with the existing monthly invoice payment reports to the Council.
4	The Council has now implemented the RBS Finance System. A number of key priorities have been established.	The Council should consider utilising the RBS System for management reporting, and developing a financial plan that matches the key priorities of the Council.	The Finance Committee on 27 June 2017 will consider a proposal to produce a business plan, to be brought to a forthcoming Audit Sub-Committee for approval, before ratification at the Council.

RESOLVED:

- (1) That the Internal Auditor's report be received and noted.
- (2) That the Clerk's responses on each reported audit issue and recommendation, as stated above, is noted and endorsed.
- (3) That the Clerk be thanked for his work as the Council's Responsible Financial Officer.

A6. REVIEW OF THE COUNCIL'S BANKING ARRANGEMENTS

The Clerk summarised for members the existing banking arrangements with HSBC, and how the closure of the local High Street branch had adversely affected service delivery. The remaining bank in the High Street, Santander, had confirmed there were no plans currently to modify its current service delivery arrangements in the town centre.

RESOLVED:

- (1) That the Clerk makes an approach to Santander to discuss with a view to arranging the transfer of the Council's banking arrangements in due course.
- (2) That as part of the bank transfer process the online payment system and debit card provision, referred to in the Internal Audit report outlined in A5 above is implemented.
- (3) That, upon maturity of the Council's investment bond with HSBC Bank on 30 September 2017, the balance from this account is also moved to Santander initially, to then enable further investment options to be considered at a later date.

A7. CLOSE OF MEETING

The Chairman closed the meeting at 6.15pm.

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Chairman