



PETERLEE TOWN COUNCIL

Date of Issue: 30th May 2017

A MEETING OF THE RESOURCES COMMITTEE WILL BE HELD ON MONDAY 5TH JUNE 2017 IN THE COUNCIL CHAMBER SHOTTON HALL, PETERLEE, SR8 2PH at 6.30pm

Mr I Morris M.C.I.H

Town Clerk

AGENDA

Members of the Committee and members of the public are reminded that the public part of the meeting may be recorded in both audio and video, and photographs may be taken.

1. Apologies for Absence

Members are cordially invited to inform the Deputy Town Clerk of their apologies as soon as practicable

2. To receive declarations of interest

Members are reminded of the need to disclose any interests in items on this agenda, whether pecuniary or otherwise. Please seek advice from the Town Clerk or Deputy Town Clerk prior to the meeting if in doubt.

3. Sites in Peterlee – potential new residential homes

To welcome Tom Winter, Development Officer, Assets & Regeneration, County Durham Housing Group. Tom will provide a brief presentation on plans for public consultation on new affordable house building in Peterlee.

4. Internal Audit Report

To welcome Stephen Carter, Audit & Fraud Manager, Durham, County Council, to present an update report and the annual Internal Audit Report for the 2016/7 financial year.

(papers circulated: item 4(a) Internal Audit Progress Report; Item 4(b) Outstanding Recommendations; 4(c) Annual Audit Report)

5. To Approve the Minutes of the Last Meeting

Members are recommended to approve the minutes of the last meeting of the Finance & General Purposes Committee, Establishment and Planning Committees as true records.

6. Councillor Training – 26 July, Councillor Training and 31 July, Chairmanship

To remind Members of the details and ask for confirmation of attendance (or not).

7. The Report of the Finance Sub Committee Meetings of the 27th April 2017 & 25th May 2017

Members are asked to note the approval of the payments listed and made.
(papers circulated)

8. Statement of Accounts 2016/17

Members are recommended to consider the statement of accounts 2016/17, prior to submission to Council for approval on 26th June 2017. Please contact the Town Clerk or Deputy Town Clerk with any questions in advance of the meeting if possible.

(Papers circulated)

9. The Changing face of Parish Councils

Members are recommended to consider an article in LocalGov magazine re the Changing Face of Parish Councils. Members are asked to provide feedback on any issues of interest or areas for expansion in future training sessions.

(Copy of article circulated)

10. Complaints Procedure in dealing with abusive, un reasonable or vexatious complaints

Members are recommended to approve the draft 'Abusive, Unreasonable or Vexatious Complaints Policy' as a supplement to the Corporate Complaints Policy adopted by the Council in April 2017.

(Copy of Policy Circulated)

11. Members Initiative Fund

- (a) Message of thanks – Acre Rigg Over 60's Club
- (b) Peterlee Helford FC under 7 & 8's – Trophy Night, The Pavilion, Saturday 10th June 2017 – request for concessionary use
- (c) East Durham Wellbeing for Life Partnership Forum, 27 June 2017,

If Members would like any detail on these items prior to the meeting please contact the Deputy Town Clerk.

12. "Do it on line"

The Town Clerk shall demonstrate the reporting facility for DCC (if Members have a tablet or laptop please bring it along to the meeting so that you can access the 'do it online' portal yourselves during the demonstration).

13. [Excluded Items – kay to insert wording]

14. Membership of the Finance Sub Committee

The Deputy Town Clerk will provide information on the current bank authorised signatories and requirements for bank checks for new signatories (Information will be tabled at meeting)



RESOURCES COMMITTEE

05 June 2017

INTERNAL AUDIT PROGRESS REPORT

REPORT OF THE HEAD OF INTERNAL AUDIT

Purpose of the Report

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2016 and 31 March 2017. The report aims to:
 - Provide a high level of assurance, or otherwise, on internal controls operating across the Authority that have been subject to audit.
 - Advise the Committee of significant issues where controls need to improve to effectively manage risks.
 - Advise the Committee of any amendments to the approved Internal Audit plan.
 - Advise the Committee of changes to audit processes and terminology.
 - Track progress on the response to internal audit reports and the implementation of agreed internal audit recommendations.
 - Provide an update on our performance indicators comparing actual performance against planned.
2. The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

Appendix 1	Risks and Implications
Appendix 2	Progress against the Internal Audit Plan
Appendix 3	Internal Audit Performance Indicators
Appendix 4*	Overdue Actions

Progress against planned work

3. A summary of the agreed plan showing the status of each audit as at 31 March 2017 is attached at Appendix 2.
4. The Appendix shows that six assurance reviews planned have been completed.
5. Assurance reviews incorporate a consideration of the Council's Risk and Governance arrangements within each activity inspected. In addition the Internal Audit Service is assisting the Council in developing Policies and Procedures to support and strengthen its corporate governance framework.
6. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 2.

Amendments to Annual Audit Plan

7. There have been no amendments agreed to the annual audit plan this period.

Outstanding management response to draft reports

8. There are no management responses to outstanding Draft Reports overdue.

Response to Audit Recommendations

9. To provide independent assurance that adequate progress is made in the implementation of agreed recommendations at the appropriate service operational level, all high and medium recommendations contained within the action plans of individual audit reports are followed up by internal audit. In addition, listings of all recommendations outstanding at the end of each quarter are produced and issued to the Town Clerk to assist the Council in its own internal monitoring processes.
10. To allow the progress made at an operational level to be tracked and monitored, the numbers of all recommendations made arising from each audit complete, and evidenced as implemented, are shown in Appendix 2. It should be noted that Internal Audit will not follow up Best Practice matters raised.
11. A summary of outstanding audit recommendations i.e. those not implemented within original agreed or revised target dates, as evidenced through Internal Audit follow up, is given in the table below:

Risk	Actions	Total	Implemented			Overdue	Target	Overdue
Category	Raised	Due	(Due)	(Not due)	Total	Original	Revised	Revised
2016/17								
High	3	2	2		2	1	1	
Medium	24	18	16		16	2	2	
Total	27	21	18		18	3	3	

12. There is one High and two Medium priority recommendations overdue against original target implementation dates. Revised target dates have been agreed in all cases with no recommendations overdue. Details of all three recommendations are shown in Appendix 4.

Unplanned work carried out this quarter

13. There have been no unplanned activities carried out during the period.

Reports issued with a Limited Assurance Opinion

14. No reports were issued in the period that resulted in a Limited Assurance Opinion.

Performance Indicators

15. A summary of target performance indicators is given in Appendix 3.

Recommendation

16. Members are asked to note the outturn position on progress made in delivering the internal audit plan for 2016/17 together with that made by managers in responding to the work of internal audit to gain assurance on the adequacy and effectiveness of the internal control environment.

Stephen Carter, Audit and Fraud Manager, Tel: 03000 269665

Appendix 1: Risks and Implications

Finance -

The programme of work undertaken by Internal Audit supports the Council in maintaining safe and efficient arrangements for the proper administration of its financial affairs

Staffing -

None

Risk -

None

Equality and Diversity / Public Sector Equality Duty -

None

Accommodation -

None

Crime and Disorder -

None

Human Rights -

None

Consultation -

None

Procurement -

None

Disability Issues -

None

Legal Implications -

None

Other Risks

Control risks identified / considered in relation to reviews undertaken

Appendix 2: Summary of the status of work undertaken and recommendations made and implemented

INTERNAL AUDIT SERVICES				High		Medium		Best Practice
Reviews	Schedule	Status	Opinion	M	I	M	I	M
Corporate Governance Risks								
Corporate Governance Arrangements	Q1-4	Complete	N/A					
Risk Management Arrangements	Q1-4	Complete	N/A					
Financial Management								
Core Financial Systems	Q2	Final Report	Limited	1	1	12	12	3
Pavilion	Q3	Final Report	Substantial			1	1	4
Parks	Q3	Final Report	Moderate			7	1	
Leisure Gardens	Q3	Final Report	Limited	2	1	4	2	2
Management								
Audit Planning and Reporting	Q1-4	Complete	N/A					
Total				3	2	24	16	9

Appendix 3 Performance Indicators for 2016/17

Efficiency			
Objective: To provide maximum assurance to inform the annual audit opinion			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2017	90% (Quarterly)	100% (6 out of 6 reviews completed)
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90% (Quarterly)	100% (4 reports issued) 7 days
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also to be reported for information	95% (Quarterly)	100% (4 report issued) 1 day
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (4 TORs issued)
Quality			
Objective: To ensure that the service is effective and adding value			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (36 accepted out of 36 made)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100% (Quarterly)	100% (4 out of 4 returned) Overall average score 4.33
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	100% (4 returns thus far from 4 surveys issued in 2016/17)

Appendix 4 Outstanding Audit Recommendations Quarter Ended 31 March 2017

	Audit	Year	Action Owner	Priority	Report Issued	Original Target	Revised Target	Recommendation	Progress Update
01	Parks	2016/17	Town Clerk	Medium	22/12/2016	31/03/2017	30/06/2017	<p>The Council develops and produces, with consultation with Communities, a Play Strategy for the provision and development of parks.</p> <p>This strategy should be subject to periodic review and agreed by members.</p>	<p>Scrutiny Committee considered the matter as part of a 'use of reserves' workshop in Q4 2016/17 however it was agreed that the scale of the investment required meant that the new council needed to make the decision. It is anticipated that an initial report will go to committee in June 2017.</p>
02	Leisure Gardens	2016/17	Town Clerk & Parks Supervisor	High	22/12/2016	31/03/2017	30/09/2017	<p>The Thorntree Gill constitution should be reviewed by the Council to ensure it complies with the Council's Leisure Gardens Policy.</p> <p>Work be undertaken with officials from Lowhills Road to develop and agree its Constitution.</p> <p>Constitutions should then be reviewed on an agreed periodical basis.</p>	<p>The Thorntree Gill constitution was reviewed by the Parks Manager and Town Clerk and is compliant with the Council's current policy.</p> <p>Discussions are ongoing with gardeners at Lowhills Road re the potential to set up a new association/committee on that site, however this has not yet occurred as the focus has been on reviewing plot allocations, getting all void gardens let, collecting rent etc.</p>
03	Leisure Gardens	2016/17	Town Clerk & Parks Supervisor	Medium	22/12/2016	31/03/2017	30/09/2017	<p>Monitoring arrangements should be established and agreed with the Leisure Gardeners Associations so that information can be reported to the Council.</p>	<p>The Thorntree Gill committee is now reporting to Council following its meetings. Work is ongoing on developing more structured monitoring arrangements.</p>

RESOURCES COMMITTEE

05 June 2017

INTERNAL AUDIT ANNUAL REPORT 2016/17



REPORT OF THE HEAD OF INTERNAL AUDIT

Purpose of the Report

1. The purpose of this report is to present the Annual Internal Audit Report for 2016/17, which is attached as Appendix 2.

Background

2. This report fulfils the requirements of Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
3. The Annual Opinion makes conclusions on the overall adequacy and effectiveness of the Council's Framework of governance, risk management and control.
4. Based on the work undertaken, and in particular that relating to core financial systems, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a **Limited** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Council in 2016/17. This Limited opinion identifies that at the time of writing there are weaknesses in key areas in the system of control, which put the system objectives at significant risk.
5. Weaknesses identified from the work that Internal Audit has undertaken in relation to the Council maintaining an adequate system of internal control will need to be reflected within the Annual Governance Statement. It is positive to note that all of the recommendations raised within Internal Audit reports during the year have been accepted. Internal Audit's recommendations, or alternative proposed actions made by Management in response to the recommendations, have been agreed to be implemented. Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report and upon confirmation would be taken into consideration in determining the annual opinion 2017/18. Internal Audit will follow up the implementation of its recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practically possible, after the target implementation dates. Progress on the implementation of audit recommendations will be reported through to this Committee in future progress reports on the 2017/18 Internal Audit work.

Recommendation

6. Members consider the content of the Annual Internal Audit Report and the overall 'Limited' opinion provided on the adequacy and effectiveness of the Council's control environment for 2016/17.

Appendix 1: Risks and Implications

Finance

The broad programme of work undertaken by Internal Audit supports the Council in maintaining safe and efficient arrangements for the proper administration of its financial affairs.

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Children's Act 2004

None

Stakeholder/Community Engagement

None

Environment

None

Collaboration and Partnerships

None

Value for Money and Productivity

None

Potential Impact on Police and Crime Plan Priorities

Compliance with Public Sector Internal Audit Standards

Other risks

Control risks identified / considered in relation to reviews undertaken

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Internal Audit Annual Report 2016-2017

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Appendices

Appendix A	Performance Indicators
Appendix B	Key Advice and Consultancy Work Undertaken in 2016/17
Appendix C	Assurance Opinion Methodology
Appendix D	Summary of Assurance Work

Introduction

1. This report summarises work carried out by Durham County Council Internal Audit and Risk Service during 2016/17, as part of the three year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2019. The report provides assurance on the effectiveness of the Council's control environment, risk management and corporate governance arrangements in place during the year.
2. The requirement for an internal audit function is implied by Section 151 of the Local Government Act 1972 which requires all relevant bodies to, "make arrangements for the proper administration of their financial affairs and ensure that one of its officers has responsibility for the administration of those affairs".
3. The Accounts and Audit Regulations 2015 require those bodies to "undertake an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control".
4. From 01 April 2013 Public Sector Internal Audit Standards (PSIAS) define the proper internal control practice for internal audit alongside the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note.
5. This report fulfils the requirements of PSIAS and the CIPFA Local Government Application Note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
6. The report sets out:
 - The annual internal audit opinion on the overall adequacy and effectiveness of the governance, risk and control framework (the control environment).
 - A summary of the audit work carried out from which the opinion is derived.
 - Details of the quality assurance arrangements in place during 2016/17 which incorporates the outcomes of the last annual review of the effectiveness of Internal Audit carried out in the form of an external assessment. A review of effectiveness against compliance with the PSIAS.

Service Provided and Audit Methodology

7. Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations.
8. The primary objective of Internal Audit is to provide an independent and objective opinion on the Council's control environment which is comprised of the systems of governance, risk management and internal control.

9. The audit strategy to provide independent assurance, is summarised as follows:
- To carry out planned assurance reviews of the effectiveness of the management of operational risks in all key service activities/systems.
 - To carry out assurance reviews of the management of strategic risks where the effective management of risk is heavily dependent on identified controls.
 - To carry out annual reviews of key risks where a high level of assurance is required to demonstrate the continuous effectiveness of internal controls, for example those associated with key financial and non-financial systems.
 - To use a Control Risk Assessment (CRA) methodology to focus audit resources on providing assurance on key controls where there is little or no other independent assurance on their adequacy or effectiveness.

Types of Audit Work Carried Out in 2016/17

Assurance Reviews

10. Assurance reviews are those incorporated into annual audit plans where the CRA methodology is to be applied. They also include service requests to provide assurance on more specific risks within a particular service activity.
11. On completion of each assurance review an opinion on the adequacy and / or the effectiveness of the control framework in place is provided to inform the annual audit opinion.
12. The audit methodology for arriving at audit opinions on individual assurance reviews is attached at **Appendix C**.

Advice and Consultancy Work

13. In addition to planned assurance reviews, provision may also be made in annual audit plans to support service managers by undertaking advice and consultancy type work. The outcomes from this work can also provide assurance on the control framework even though an assurance opinion is not provided on the completion of this work.

Counter Fraud Work

14. Provision is made within audit reviews undertaken to support service managers at an operational level to mitigate the strategic risk of fraud and corruption. Control weaknesses identified when fraud is suspected or proven also impacts on the overall opinion on the adequacy and effectiveness of the internal control system.

Audit Quality Assurance framework

15. The Internal Audit performance and quality framework reflects the requirements of the PSIAS.
16. Key elements of the quality assurance framework operating during 2016/17 include:
 - Independent quality reviews undertaken by Audit and Fraud Managers as a matter of routine and periodically by the Chief Internal Auditor and Corporate Fraud Manager to ensure consistent application of agreed processes and procedures and to ensure expected quality standards are maintained.
 - Key contacts, determined by the Council, agree the Terms of Reference for each audit review and are able to challenge the findings and content of draft reports prior to them being finalised.
17. A summary of performance against agreed indicators is given in **Appendix A**.
18. As at the 31 March 2017, the % of planned work completed indicated that the service achieved 100% of the audit plan against a 90% target.
19. The Accounts and Audit Regulations 2015 requires that an annual review of the effectiveness of Internal Audit is carried out. The outcome of the review is reported to Committee.
20. It is a further requirement of PSIAS that any large relevant body should be subject to an external assessment at least once every five years. The assessment of Durham County Council's Internal Audit Service was undertaken by Newcastle City Council during April and May 2016 and involved an evaluation against the requirements of PSIAS, a sample review of audit files and working papers and an interview with Durham County Council's Corporate Director, Resources.
21. The outcome of the external assessment concluded that Durham County Council's Internal Audit Service **conforms** to the requirements of the Public Sector Internal Audit Standards.

Summary of audit work carried out

Assurance Work

22. Our work programme for the year was determined by the approved Internal Audit Plan. The assurance opinion takes in account the individual opinions provided across all reviews undertaken in year, a summary of which is attached at **Appendix D**.

Advice and Consultancy Work

23. All planned reviews are designed to add value as they provide independent assurance, through evaluation and challenge, on the adequacy and effectiveness of arrangements in place to manage risks. This evaluation and challenge supports the effective and efficient use of resources and VFM.

24. Through our advice and consultancy work we are able to add value pro-actively and reactively.
25. Reactive work involves responding to ad-hoc requests for advice and reviews added to the plan to address new or emerging risks. It also includes responding to potential fraud or irregularities and we ensure that all such incidents are properly investigated and that appropriate action is taken by managers, whether or not fraud or malpractice is proven.
26. A summary of key advice and consultancy work completed during the year is attached at **Appendix B**

Key Areas for Opinion

27. The key areas of the control environment where assurance is required to inform our overall opinion are:
 - Financial Management
 - Risk Management
 - Corporate Governance
28. Assurance has been provided on some aspects of key financial systems during the year. Reviews undertaken considered creditors, debtors, income collection and banking, payroll, main accounting and budgetary control. A review of financial arrangements at the Pavilion was also undertaken.
29. Assurance reviews incorporate a consideration of the Council's Risk and Governance arrangements within each activity inspected. In addition the Internal Audit Service assisted the Council in developing Policies and Procedures to support and strengthen its corporate governance framework.

Audit Opinion Statement

30. The Council has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
31. Internal Audit is required to provide an opinion on the Council's risk management, control and governance process.
32. In giving this opinion it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in these processes.
33. In assessing the level of assurance to be given, we based our opinion on:
 - All audits undertaken during the year
 - Follow up action on audit recommendations
 - Any significant recommendations not accepted by management and the consequent risk
 - Limitations which may have been placed on the scope of the internal audit
 - Reliability of other sources of assurance when determining the scope of audit reviews.

34. We are satisfied that sufficient Internal Audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's system of internal control.
35. Based on the work undertaken, Internal Audit is able to provide a Limited overall assurance opinion on the adequacy and effectiveness of internal control operating across the Council in 2016/17. The opinion ranking identifies that there are weaknesses in key areas in the system of control, which put the system objectives at significant risk.
36. Where Internal Audit has identified areas for improvement, recommendations are made to minimise the level of risk, and action plans for their implementation were drawn up and agreed by management. Whilst the % of actions implemented within target dates is high, in many cases there is a time gap between a control weakness being reported and the date determined by management for when the action can practically and realistically be implemented. Consequently, the added assurance provided on implementation cannot always be recognised and evidenced in arriving at our overall annual assurance opinion. Work is ongoing with management with regard to timely and realistic implementation dates for actions being agreed.

PERFORMANCE INDICATORS

Efficiency		Objective: To provide maximum assurance to inform the annual audit opinion	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Q4 Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2017.	90% annually	100% (6 out of 6 reviews complete)
Timeliness of Draft Reports	% of draft reports issued within 30 Calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90% (Quarterly)	100% (4 out of 4 reports issued) 7 days average
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also reported for information	95% (Quarterly)	100% (4 out of 4 reports issued) 1 day average
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (4 out of 4 TOR's issued)
Quality		Objective: To ensure that the service is effective and adding value	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (36 out of 36 recommendations accepted)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100% (Quarterly)	100% (4 out of 4 returns) Average score 4.33
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	100% (4 returns from 4 surveys issued in 2016/17)

ADVICE AND CONSULTANCY WORK UNDERTAKEN IN 2016/2017

Invoices & Payments for Sole-Traders

Internal Audit prepared a note and link to a document held on the HMRC website to access its Employment Status Indicator (ESI) tool. The ESI provides a mechanism to check the employment status of an individual or group of workers – that is whether they are employed or self-employed for tax, National Insurance contributions or VAT purposes.

Revisions to Council Standing Orders and Financial Regulations

Internal Audit provided some suggested revised wording for the Council's Financial Regulations where reference was made to Audit and provided links to the relevant legislation that applied.

ASSURANCE OPINION METHODOLOGY

Findings

Individual findings are assessed on their impact and likelihood based on the assessment rationale in the tables below:

Impact Rating	Assessment Rationale
Critical	A finding that could have a:
	Critical impact on operational performance (Significant disruption to service delivery)
	Critical monetary or financial statement impact (In excess of 5% of service income or expenditure budget)
	Critical breach in laws and regulations that could result in significant fine and consequences (Intervention by regulatory body or failure to maintain existing status under inspection regime)
	Critical impact on the reputation of the Council (Significant reputational damage with partners/central government and/or significant number of complaints from service users)
	Critical impact on the wellbeing of employees or the public (Loss of life/serious injury to employees or the public)
Major	A finding that could have a:
	Major impact on operational performance (Disruption to service delivery)
	Major monetary or financial statement impact (1-5% of service income or expenditure budget)
	Major breach in laws, regulations or internal policies and procedures (non compliance will have major impact on operational performance, monetary or financial statement impact or reputation of the service)
	Major impact on the reputation of the service within the Council and/or complaints from service users
Minor	A finding that could have a:
	Minor impact on operational performance (Very little or no disruption to service delivery)
	Minor monetary or financial statement impact (less than 1% of service income or expenditure budget)
	Minor breach in internal policies and procedures (non compliance will have very little or no impact on operational performance, monetary of financial statement impact or reputation of the service)
Likelihood	Assessment criteria
Probable	Highly likely that the event will occur (>50% chance of occurring)
Possible	Reasonable likelihood that the event will occur (10% - 50% chance of occurring)
Unlikely	The event is not expected to occur (<10% chance of occurring)

Overall Finding Rating

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	M
	Minor	Major	Critical
	IMPACT		

Priority of our recommendations

We define the priority of our recommendations arising from each overall finding as follows;

High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls.
Medium	Action required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment or promote value for money.

Overall Assurance Opinion

Based upon the ratings of findings and recommendations arising during the audit as summarised in the risk matrix above we define the overall conclusion of the audit through the following assurance opinions:

Substantial Assurance	Whilst there is a sound system of control, any weaknesses identified may put some of the system objectives at minor risk.
Moderate Assurance	Whilst there is a basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.

		APPENDIX D		
SUMMARY OF ASSURANCE WORK CARRIED OUT				
Audit Area		Latest Opinion		
Core Financial Systems		2016/17		
Creditors				
Debtors				
Income collection and banking				
Payroll				
Main accounting and budgetary control		2016/17		
Pavilion		2016/17		
Parks		2016/17		
Leisure Gardens		2016/17		
Shotton Hall Bar and Catering				
Capital				
Activities and Events				
Cemetery				
EXTERNAL AUDIT				
Statement of Accounts Conclusion		Unqualified 2015/16		
Assurance Opinion Key	Substantial	Moderate	Limited	

Item 7: The report of the finance sub committee meetings of the 27th April 2017 & 25th May 2017

PETERLEE TOWN COUNCIL
FINANCE SUB-COMMITTEE
HELD IN THE COUNCIL CHAMBER,
SHOTTON HALL, PETERLEE
ON THURSDAY 25TH MAY 2017

PRESENT:- Councillors A Watson & L Cook

25. PAYMENTS MADE BY DIRECT DEBIT & USING THE DEBIT CARD

RECOMMENDED the list of payments made in April 2017 by direct debit or using the debit card, be accepted.

26. ACCOUNTS FOR PAYMENT

The accounts for payment for May 2017 amounting to £31,076.58 including all payments made for that month, a copy of which had been circulated to each Member, were considered.

RECOMMENDED the payments as listed, be made.

Item 7: The report of the finance sub committee meetings of the 27th April 2017 & 25th May 2017

PETERLEE TOWN COUNCIL
FINANCE SUB-COMMITTEE
HELD IN THE COUNCIL CHAMBER,
SHOTTON HALL, PETERLEE
ON THURSDAY 27TH APRIL 2017

PRESENT:- Councillors G Cowie, C Robbins & L Cook

23. PAYMENTS MADE BY DIRECT DEBIT & USING THE DEBIT CARD

RECOMMENDED the list of payments made in March 2017 by direct debit or using the debit card, be accepted.

24. ACCOUNTS FOR PAYMENT

The accounts for payment for April 2017 amounting to £26,422.56 including all payments made for that month, a copy of which had been circulated to each Member, were considered.

RECOMMENDED the payments as listed, be made.

Peterlee Town Council

Statement of Accounts

(Not Subject to Audit)

31st March 2017

Peterlee Town Council

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31st March 2017

Page No(s).

1	Council Information
2	Income and Expenditure Account
3	Income And Expenditure Account and Annual Return Reconciliation
4	Balance Sheet
5 to 6	Notes to the Accounts
7	Annual Return - Statement of Accounts

Peterlee Town Council

Council Information

Town Mayor

Mary Cartwright

Councillors

Gordon Carne

Karon Liddell

Steve Miles

Derrick Sillito

Sheila Simpson

Harry Bennett MBE

Bill Jeffrey

Lillian Wood

Colin Watkin

Lee Cook

Ron Curtis

Bob Kyle

Jim Alvey

George Cowie

Chris Metcalfe

Clive Robbins

Susan McDonnell

Karen Hawley

Mandy Thompson

Andrew Watson

Victoria Watson

Clerk to the Council and Responsible Financial Officer

Ian Morris MCIH

Auditors

BDO Stoy Hayward LLP

Peterlee Town Council

Income and Expenditure Account (Unaudited)

for the year ended 31 March 2017.

<u>2016</u> £ Net Expenditure		2017 £ Gross Expenditure	2017 £ Income	2017 £ Net Expenditure
DIRECT SERVICES TO THE PUBLIC				
(513)	Shotton Hall Banqueting Suite	(301,599)	287,789	(13,810)
(285,354)	Public Buildings	(491,059)	179,368	(311,691)
(47,974)	Sports & Leisure	(74,477)	34,453	(40,024)
(370,066)	Parks	(327,411)	10	(327,401)
(1,310)	Allotments	(4,468)	1,456	(3,012)
(21,188)	Town Centre Offices	(21,857)	58	(21,799)
(4,869)	Town Activities	(19,940)		(19,940)
(58,979)	Town Events	(77,606)	9,115	(68,491)
(36,817)	Cemetery and Burials	(46,315)	20,304	(26,011)
(139,502)	Capital Works	(104,658)	460	(104,198)
DEMOCRATIC, CIVIC AND CENTRAL COSTS				
2,399	Other Costs and Income	(10,794)	4,167	(6,627)
(418,920)	Central and Civic HQ Costs	(393,729)	71	(393,658)
(42,641)	Democratic Representation	(29,994)		(29,994)
(238,595)	Corporate Management	(22,688)		(22,688)
(1,664,328)		(1,926,594)	537,250	(1,389,344)
1,229,336	Annual Precept			1,251,968
288,304	Precept Support Grant			288,198
(146,688)	Net Surplus for the year			150,822

Reserve Movements

	Balance April 2016	Movement for Year	Balance March 2017
General Fund	703,298	150,822	854,121
Useable Capital Receipt	268,398	-	268,398
	971,696	150,822	1,122,519
	Box 1		Box 7

Peterlee Town Council

Income And Expenditure Account and Annual Return Reconciliation (Unaudited)

For the Year Ended 31st March 2016

Annual Return Box Numbers	Income			Expenditure			
	Box 2	Box 3		Box 4	Box5	Box 6	
	Precept	Other Income	Total	Staff Costs	Loans Repaid	Other Costs	Total
Direct Services							
Shotton Hall Banqueting Suite	-	287,789	287,789	122,759		178,840	301,599
Public Buildings	-	179,368	179,368	268,988	50,452	171,619	491,059
Sports & Leisure	-	34,453	34,453	57,833		16,644	74,477
Parks	-	10	10	271,246		56,165	327,411
Allotments	-	1,456	1,456	1,270		3,198	4,468
Town Centre Offices	-	58	58			21,857	21,857
Town Activities	-	-	-			19,940	19,940
Town Events	-	9,115	9,115	11,408		66,198	77,606
Cemetery and Burials		20,304	20,304	34,785		11,530	46,315
Capital Works		460	460			104,658	104,658
Democratic, Management and Civic							
Other Costs and Income	-	4,167	4,167			10,794	10,794
Central and Civic HQ Costs	-	71	71	208,883		184,846	393,729
Democratic Representation	-	-	-			29,994	29,994
Corporate Management						22,688	22,688
Precept Support Grant		288,198	288,198				
Precept	1,251,968	-	1,251,968				
Totals Carried to Annual Return	1,251,968	825,448	2,077,416	977,172	50,452	898,969	1,926,594

Peterlee Town Council

Balance Sheet (Unaudited)

as at 31 March 2017

2016		Note	2017	2017
£			£	£
	Fixed Assets			
	Tangible fixed assets	2		
4,601,221	Land and Buildings		4,601,221	
1,541,035	Vehicles, Plant and Equipment		1,573,691	
17,344	Community Assets		17,344	
<u>6,159,600</u>				<u>6,192,256</u>
	Current Assets			
11,260	Stock		12,280	
32,999	Debtors	5	33,726	
1,025,623	Cash at Bank and In-hand		1,190,520	
<u>1,069,882</u>			<u>1,236,526</u>	
	Current Liabilities			
98,187	Creditors and accrued expenses	6	114,009	
<u>98,187</u>			<u>114,009</u>	
<u>971,695</u>	Net Current Assets			<u>1,122,517</u>
<u>7,131,295</u>	Total Assets Less Current Liabilities			<u>7,314,773</u>
	Long Term Liabilities			
950,074	Long Term Borrowing	7		942,289
<u>6,181,221</u>				<u>6,372,484</u>
	Financed by:			
	Reserves available to the Council			
268,398	Useable Capital Receipt		268,398	
<u>703,298</u>	General Reserve		<u>854,121</u>	<u>1,122,519</u>
971,696				
	Reserves Not Available to Council:			
	Represents the Council's Investment in Fixed Assets less Outstanding Loans			
5,209,525	Capital Financing Account			5,249,965
<u>6,181,221</u>				<u>6,372,484</u>

These accounts have been approved by the Council.

.....
Chair, Policy and Finance Committee

Date:

.....
Town Clerk

Date:

Peterlee Town Council

Notes to the Accounts (Unaudited)

31st March 2017

1 Employees

The average weekly number of employees during the year was as follows:

	2017	2016
	Number	Number
Full and part-time permanent staff	47	47
	<hr/>	<hr/>
	47	47
	<hr/> <hr/>	<hr/> <hr/>

All staff are paid within nationally agreed pay scales

Number of employees whose remuneration excluding employers pension contributions was over £50,000 in bands of £10,000 was:

Band	Number of Employees 2016/2017	Number of Employees 2015/2016
£50,000 to £59,999	1	1

2 Tangible Fixed Assets

	Freehold Land and Buildings	Vehicles and Equipment	Community Assets	Total
Cost	£	£		£
1st April 2015	4,601,220	1,541,035	17,345	6,159,600
Additions	-	41,076	-	41,076
Disposals	-	(8,420)	-	(8,420)
	<hr/>	<hr/>	<hr/>	<hr/>
	4,601,220	1,573,691	17,345	6,192,256
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Although classified as capital expenditure, certain minor equipment purchases are not included above as they are not material in overall value.

3 Financing of Capital Expenditure

	2017	2016
	£	£
The following capital expenditure during the year:		
Fixed Assets purchased	41,076	106,355
	<hr/>	<hr/>
	41,076	106,355
	<hr/> <hr/>	<hr/> <hr/>
was financed by:		
Grant Funding	-	9,950
Finance Leases	-	-
Revenue:		
Precept and Revenue Income	41,076	31,126
	<hr/>	<hr/>
	41,076	41,076
	<hr/> <hr/>	<hr/> <hr/>

Peterlee Town Council

Notes to the Accounts (Unaudited)

31st March 2017

4 Assets Purchased in the Year

Vehicles and Equipment

John Deer Front Mower	15,492	
Striker Rear Mounted Mower	3,600	
Trinax Flail Mower	4,326	
New Play Equipment - Hampshire Place	17,658	41,076

Asset Disposals

Vauxhall Corsa Van

5 Debtors

	2017	2016
	£	£
Debtors and Prepayments	27,012	23,096
V A T Recoverable	10,714	13,903
	<u>37,726</u>	<u>36,999</u>
Less: Provision for Bad and Doubtful Debts	(4,000)	(4,000)
	<u><u>33,726</u></u>	<u><u>32,999</u></u>

6 Creditors and Accrued Expenses

	2017	2016
	£	£
Trade Creditors	12,219	13,841
Accruals and Deferred Income	101,790	84,346
	<u>114,009</u>	<u>98,187</u>

7 Long Term Liabilities

At the close of business on 31 March 2010 the following loans to the Council were outstanding :

	2017	2016
	£	£
Public Works Loan Board	942,289	950,074
	<u>942,289</u>	<u>950,074</u>

The council's loans are repayable as follows:

	2017	2016
Within one year	8,139	7,784
From one to two years	8,509	8,139
From two to five years	23,005	22,004
From five to ten years	60,590	57,953
Over ten years	842,047	854,194
Total loan commitment	<u>942,289</u>	<u>950,074</u>

Peterlee Town Council
Annual Return 31st March 2017

	2016	2017
Box 1 Reserves Forward	1,118,385	971,697
Box 2 Precept	1,229,336	1,251,968
Box 3 Other Income	905,345	825,448
Box 4 Staff Costs	(1,220,309)	(977,172)
Box 5 Loan Repayments	(50,452)	(50,452)
Box 6 Other Costs	(1,010,608)	(898,969)
Box 7 Reserves Carried Forward	971,697	1,122,519
Box 8 Cash and Investments	1,025,623	1,190,520
Box 9 Assets at Cost	6,159,600	6,192,256
Box 10 Loans Outstanding	950,074	942,289

(../)

[Click here for menu](#)

Neil Merrick (../author/Neil-Merrick) 02 May 2017

The changing face of parish councils



They are the

(https://www.local.gov.uk/parish-councils)

(https://www.local.gov.uk/parish-councils)

(http://www.local.gov.uk/parish-councils)

(https://www.local.gov.uk/parish-councils)

smallest councils in the country with the fewest powers, part of the small print on most council tax bills.

But maybe not for much longer. With higher-tier authorities struggling to maintain services and restricted in raising council tax, parish councils are stepping into the breach by taking over services that might otherwise be cut.

They are also charging for doing it. The average band D precept charged by parishes in England has risen by more than 6% in each of the past two years. This is in spite of last year's warning to parishes by communities secretary Sajid Javid that they should restrain themselves and not overspend.

Unlike higher-tier authorities, parishes can raise their precept by as much as they wish without a referendum. However, supporters of town and parish councils insist that the threat of council tax capping among larger councils is not the only reason for parishes taking over services such as street cleaning, refuse collection and even libraries.

Justin Griggs, head of policy and development at the National Association of Local Councils, says parish councils are often better placed to provide services and keen to take on more. 'The squeeze on spending in some areas is accelerating this, as principal local authorities are having to consider the discretionary services they provide,' he says.

The option of using parishes to circumvent capping is certainly appealing to some higher-tier authorities. On May 4, councillors will be elected for the first time in four parishes in central Swindon with libraries among the services they could take over from the borough council.

Swindon, a unitary authority, has already devolved street cleaning, grounds and footpath maintenance, and the emptying of community bins to some existing parishes. Council leader David Renard says in some

cases they do a better job than Swindon does in unparished parts of the town, partly because parish councils are not facing severe financial pressures.

An ongoing review of library services is likely to mean the borough only continues running five of its existing 15 libraries, with some of the remainder passed to parishes. 'We are capped for council tax,' says Renard. 'Parish councils are immune to demand-led services such as social care.'

Across England, parish precepts rose by 6.3% in 2017/18. This compares with 6.1% last year and 3.3% in 2015/16. In Swindon, the average band D council tax, including the social care precept, rose by 10.35% this year when parish precepts are included. Without parishes, the increase was 4.99%, just below the figure requiring a referendum.

Haydon Wick, in the north of Swindon, raised its precept by 50%, from £34 to £51. Parish clerk Terry Powell says the precept is relatively small so a percentage increase can give a false impression. But it would not be a surprise if parishes are asked to take on more non-statutory services in future. 'If the parish council chooses not to do it, then the borough council will say they're not going to do it either,' he says

Swindon's opposition Labour group describes the transfer of costs to parish councils as a "back door" increase in council tax and claims residents were denied the opportunity to approve the changes. But

Renard says these were one-off precept rises that should not lead to ministers putting a spending cap on parishes.

According to the National Association of Local Councils (Nalc), about 250 parish councils have been created in England since 2000. This includes five set up last year and two in Waveney, Suffolk, that are also being elected for the first time on May 4.

In Waveney, the average band D council tax rose by around 9% when parish precepts are included. The district council insists the creation of a town council in Lowestoft and a parish council in nearby Oulton Broad was not an attempt to avoid capping.

In the main, Waveney's parishes run services traditionally associated with parish councils, such as footpaths and play areas, although Lowestoft is taking over the town's theatre. Only parishioners in the areas where new parish councils were created saw significant increases in precepts, says the district council.

Last year, the Government stepped back from requiring parish councils to hold a referendum if they wish to exceed a council tax cap set by ministers. Sajid Javid told MPs that parish precepts were being kept under review, but the government expected parish councils to 'clearly demonstrate restraint when setting increases that are not a direct result of taking on additional responsibilities'.

An increase in parish precepts means that, in some areas, households are paying almost as much council tax to their parish as to their district authority. In Twyford, Hampshire, a band E household now pays 85p to the parish council for every £1 paid to Winchester City Council, compared with 61p two years ago.

Twyford parish chairman Waine Lawton said the parish council is raising about £90,000 through the precept compared with £50,000 five years ago. The extra money helped pay for improvements to the parish hall, but the council is also maintaining footpaths and carrying out other functions that used to be performed by the city or county council. 'More and more is falling on our plate,' he says.

Nalc points out the lion's share of parish council funds come through the precept, whereas higher-tier authorities receive the majority of their funding from government grant.

According to Justin Griggs, the expansion of parish council duties is helping to tackle a 'democratic deficit' in parts of the country. Councils should be upfront with residents as to why they are charging higher precepts, particularly when they are taking on work that used to be done by higher-tier authorities.

'There is a growing tendency for council leaders to be honest about the pressures they are under and the role parishes can play,' says Griggs. 'We will continue to make the case for parishes to be engaged with local people and explain how services are funded.'

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Chris Kitcher • 7 days ago

What a load of tosh. Parish Councils do not have the technical skills to provide such services nor the wealth of experience of employed officers to ensure tendered services are value for money. Yet another move by the Tories to push public funds to their private sector friends.

^ | v • Reply • Share ›



John Orchard → Chris Kitcher • 3 days ago

Perhaps the biggest tosh is the fact that so many higher tier authorities have sought to expand their empires over the years, taking on a wide range of activities that they are not qualified to run?

Time for a change in local government, and a reduction in the number of employed officers - and no, I am not a Tory!

^ | v • Reply • Share ›



Richard Styles • 7 days ago

Yes, perhaps now you will understand why RSG was invented in order to balance out income and expenditure between wealth areas and those less fortunate. We are returning to 1921 and Poplarism. Unfortunately not many in HMG read any history and as Santayana once said they are bound to repeat the mistakes of the past.

It will be a postcode lottery and yes, there is a remedy for 'excessive' precepts and that is an election. But as many smaller parishes cannot find sufficient councillors to stand in the first place, that is

...sufficient councillors to stand in the first place, that is not always a reliable solution. Passing laws won't help if the public want streets cleaned , potholes fixed and branch libraries to stay open.

You cannot make bricks without straw and you cannot run services without money, its time to consider what is important for a truly civic society and to find the ways and means to achieve it.

^ | v • Reply • Share ›



Richard Styles • 7 days ago

Precepts are not a good way to look at this sector, because they can vary according to circumstances. Lets suppose the fictional Little Mutting in the Wold has a big bill for fixing the roof of the parish hall. Its precept goes up astronomically in % terms , but the amount raised is probably relatively small. The next year the precept drops away till another large expense comes up.

Some Town Councils are heading towards the size of some small Districts, but only because Counties, Districts and Unitaries are fading away as their budgets are cut. Verges need cutting, streets cleaning and toilets kept open; you do the maths, how else are these tasks going to be done? Volunteers, not for long? The private sector, good luck with that one! That leaves only the long forgotten Parishes. The last line of defence against total dereliction of the public realm.

The Secretary of State can fulminate against rising precepts but has he any viable alternative? As yet I have not seen anything to suggest that he has. I would welcome some new policy thinking from the DCLG, bad sadly they are as yet, lacking detailed information on what's actually happening on the ground and therefore are relying on poor data and misguided speculation of what the third sector is really doing. There is some damn good work going on out there, but if you believe what Whitehall says about Councils in general, you would think that we

about Councils in general, you would think that we are all no-hopers.

^ | v • Reply • Share ›



Ian Pilcher → Richard Styles • 7 days ago

I live in 'Little Muttering in the Wold' population 370 , 170 properties, 1 shop, 1 pub and 2 churches. There is no way our parish can get anywhere near funding non-statutory services the precept last year raised from c£5000 this year aims to raise £7,500 next year a 50% increase.

The problem there is no law that caps increases in the precepts. the parish council could increase the precept by 1000% next year and there is no legal mechanism to challenge or stop it, other than a pitchfork between the eyes.

It is a dangerous precedent to offload these responsibilities to PCs it will lead to a postcode lottery on where these services will be funded.

Small communities could be left behind while richer denser populated town become self funding.

^ | v • Reply • Share ›



ventnorclerk → Richard Styles • 7 days ago

The Isle of Wight's 33 Town & Parish Councils' total Precept has increased by £1.8M over the last three years, mainly due to taking on services and assets the County Council no longer supports.

At Ventnor Town Council, for example, we've taken on grounds maintenance, beach