



Darnhall Parish Council



MINUTES OF THE MEETING OF DARNHALL PARISH COUNCIL FINANCE COMMITTEE HELD REMOTELY ON TUESDAY 6th OCTOBER 2020 AT 7:30PM

PRESENT: Cllrs M Sherry, R Strachan and R Lee
Dr M Bailey (Interim Clerk)

It was agreed that Cllrs Lee and Strachan would co-chair the meeting.

1. APOLOGIES

No apologies were received.

2. DECLARATIONS OF INTEREST

No declarations of interest were noted

3. TERMS OF REFERENCE

The draft terms of reference were approved by the Committee.

4. ISSUES TO BE CONSIDERED

The following issues were considered by the Committee: -

- *Internal Audit Actions*

The internal audit – carried out by JDH Business Services – identified the following actions, which were reported to the Parish Council meeting held on 22nd September 2020 (comments from the Parish Council meeting are in **bold**)

- i. Risk assessment – not reviewed, updated and approved during 2019/20.
Risk assessment will be presented at the next Parish Council meeting
- ii. Dates of Public Rights Notice published – no evidence that this had been done according to regulations
The Public Rights dates for 2019/20 (1st September 2020-12th October 2020) were published on the Parish Council website on 31st August 2020 and in accordance with the Regulations
- iii. No evidence of budgetary control information reviewed during the year and no evidence of precept calculation
Quarterly updates will be provided against budget and monthly ledgers also prepared. Evidence of precept calculation will be undertaken for the 2021-22 budget process.
- iv. Payroll – no audit trail for approval of Clerk salary by the Council matching with contract and payslips.

Interim Clerk contract approved and information passed to payroll providers

- v. Payroll – no payments via RTI on a timely basis
This will be done via the payroll providers
- vi. Payroll – payments to caretaker with no tax information
This will be done via the payroll providers
- vii. Income – clerk does not have access to booking diaries and instances of double booking.
Diaries will be accessed by Clerk if necessary
- viii. Income - no system of invoices generated and referenced to bookings diary.
Invoices will be generated according to the bookings diary
- ix. Income – no price list provided
Price list in place
- x. Income – no reference from the ledger to income records
New ledger system in place which will include income
- xi. Income – Darnhall Show stall bookings have no system in place
No longer administered by Parish Council
- xii. Financial Regulations – need to be reviewed for consistency relating to procurement
This will be presented at the next Parish Council meeting
- xiii. Financial Regulations – evidence of quotations when thresholds exceeded
Will be a part of ongoing procurement processes
- xiv. Financial Regulations – no purchase order system in place
Purchase order book will be purchased
- xv. Petty cash – not used, so Members purchase goods and reclaim money
Petty cash system to be used where necessary – Parish Council has a debit card which could be used for this purpose
- xvi. Invoices – a number of invoices not kept
No payments will be made without an invoice
- xvii. Reserves – to review the level of reserves
Will be reviewed at the next Parish Council meeting
- xviii. VAT – no reclaims made in 2019/20
A reclaim will be made as soon as possible
- xix. Accounts – initial accounts not correct
This will not re-occur

The Committee **NOTED** these actions, a number of which are included on this Finance Committee agenda.

- *Quarter One Budget Review*
The Committee considered the quarter one (up to the end of June 2020) budget monitoring report. The following issues were noted: -

- A budget of £11,875.00 for the 2020/21 financial year had been established by the Clerk retrospectively in the apparent absence of a figure previously agreed. The Committee **APPROVED** this action.
- The following analysis is based on the above budget figure.
- There were two main areas of overspend in terms of payments – clerk’s salary (overspent by £1,631.24) and net payments for the village hall (overspent by £3,649.32). In addition, there is an overspend under ‘miscellaneous’ of £2,000 – mostly related to payments for the Neighbourhood Plan work
- In terms of clerk payments, this relates to the change of Clerk and increased payments to the interim clerk, who was employed on a higher grade. In terms of the village hall, this mainly relates to a reduction in income during the period the hall was forced to close
- Overall, the Parish Council is due to record an overspend of £7,264.92, mainly due to the factors outlined above. This position may improve, however, as the year goes on and income, in particular, increases (pandemic permitting)

The Committee **APPROVED** the report and the points outlined above and asked that it is presented to the next Parish Council meeting in November 2020.

- *Risk Assessment 2020-21*

A risk assessment document for the Parish Council was presented to the Committee and was **NOTED** by Members.

Members made the following comments: -

- To include a section on the village hall risks;
- To amend the precept to Cheshire West and Chester; and
- To post the risk assessment on the website

The Committee **APPROVED** the risk assessment document and asked that, with the above changes, it is presented to the next Parish Council meeting in November 2020.

- *Budget setting 2021-22*

A report on setting the Parish Council budget for the 2021-22 year was presented and **NOTED** by the Committee.

The report set out the following: -

- The timescale for setting the budget – especially the deadline for submission to CWAC, which is likely to be mid-January 2021;
- Key considerations for the budget process including the amount likely to be in the bank account at the end of the 2020-21 year; the areas the Council wishes to focus on (also see Strategic

- Plan item below); and areas the Council wishes to spend less on; and
- Other key factors including previous levels of precept; the size of the taxbase; and any other areas of funding/income

The Committee **APPROVED** the document and asked that the report is presented to the Parish Council in November 2020 with a focus on the above areas.

- *Review of Strategic Plan 2019-22*

Cllr Strachan presented a copy of the existing Parish Council Strategic Plan which covers the period from 2019 to 2022. The key areas of the Plan included: -

- Economy – encourage the growth of local businesses
- Transport – reduce vehicle speeds on local roads and lanes and support improved bus services in the area
- Countryside and Wildlife – to protect and improve the countryside; natural environment; and biodiversity in the parish
- Planning – to support the development of a Neighbourhood plan; consider residential applications under Strat 9 of the Local Plan; and explore opportunities from funding sources to support general improvements to local infrastructure, including utilities and broadband
- Village Hall – to support the improvement and use of the Village Hall and other facilities in the parish and to stabilise the structure and replace the floor in the Village Hall
- Other areas – to develop community engagement in the life of the parish and to support improvements of the public rights of way network including footpaths, cycleways and bridleways

The Committee made the point that the overall Parish Council budget was key to delivering the Plan and asked that all Members bring ideas to the next Parish Council meeting in November 2020 with a view to approving the Plan formally at the Parish Council meeting in January 2021.

The Committee noted the progress made in a number of these areas especially around the Neighbourhood Plan and also work on the Village Hall since 2019 and asked that the item is placed on the Parish Council agenda in November 2020 as outlined above and that all Members contribute to the ongoing development of the Plan.

- Village Hall Issues – income and expenditure

The Committee considered these items in turn as follows: -

- Expenditure
 - Cleaning – it was agreed that a cleaning budget is required especially given the challenges posed by

- COVID-19 regulations. The Committee also requested that the caretaker be assisted with materials for cleaning
- Fire Door – there is an issue with the door which needs to be dealt with. The door is not wide enough and a ramp up the door is required, together with a new handle
 - Storage – it was asked whether the container could be purchased by the Parish Council
- Income
 - Invoices – a template is now in place used by the caretaker for issuing invoices. The template allows copies to be made, which are sent to the user; the Clerk; and the caretaker. Therefore, the Clerk is able to see invoices and is then able to record income
 - Booking – the caretaker has a list of all bookings and also has a diary of bookings. These will be entered onto Google Calendar so that anyone can see the bookings made
 - Income – it was reported that income stood at around £171 per week
 - Pandemic – it was noted that the pandemic has already affected income and will continue to do so
 - Pay – the caretaker’s rate of pay was noted (£1,000 per annum). It was **AGREED** to request a meeting of the Village Hall Management Committee to review this position

The Committee **NOTED** these points and **APPROVED** the various actions which have taken place. This update will also be shared with the full Parish Council via these minutes at the meeting in November 2020.

- *Review of Financial Regulations*

The Committee noted the various issues relating to the Financial Regulations, including: -

- Thresholds for procurement need to be consistent throughout the document. The Internal Audit Report states the following:

“FRs [Financial Regulations] state in Section 8.1 [actually section 8.2] that ‘To help obtain value for money and best terms it is recommended that three quotes or estimates be obtained from three different suppliers for all goods and services over £500.’ However, section 9g [actually section 9.1(g)] sets the threshold as between £1000 and £5000 for quotations and above £5000 for tenders.

Section 9.1(g) currently reads: -

When it is to enter into a contract less than £5,000 in value for the supply of goods or materials or for the execution of works or specialist services as are excepted as set out in paragraph (a) the clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply) where the value is below £1000 and above £500 the clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 7.2 above shall apply.

These sections will be amended to read: -

Section 8.2 – to help obtain value for money and best terms it is recommended that three quotes or estimates be obtained from three different suppliers for all goods and services over £500 and below £5,000. Any goods and services below £500 will be purchased by the Clerk with the approval of the Chair and one other Member, but three quotes as outlined above is not necessarily required but is generally accepted as good practice.

Section 9.1(g) – when a contract and/or supply of goods and services is valued at above £500 but below £5,000, the Clerk/RFO will seek to obtain three quotes/estimates from three different suppliers. [The reference to Regulation 7.2 will be deleted].

The Committee **APPROVED** that the Clerk amend the Regulations accordingly and that the newly amended Financial Regulations be presented to the Parish Council meeting in November 2020.

- Procurement – evidence of quotes need to be in place when thresholds have been exceeded – the Committee **AGREED** that this should become established practice by the Parish Council
- Purchase Orders – that a purchase order system needs to be established – the Committee **AGREED** that this should be in place and become established practice by the Parish Council
- Petty Cash – the internal auditor stated that petty cash was not used regularly and, instead, Councillors purchased items and claimed the funds back from the Council on a regular basis – the Committee **AGREED** that such payments should be made using the Parish Council debit card in future. The restrictions on the card's use will be as per 5.18 in the FRs but will allow for the purchase of items within a petty cash system.
- *Reserves*
In the Internal Audit report for the 2019-20 financial year, the following was reported: -

General reserves are in excess of 430% of the precept level but there are no disclosed earmarked reserves. Sector guidance is that general reserves (i.e. non earmarked reserves) should be between 25% and 100% of the precept.

Given this situation, the Committee has looked at policies from other similar parish councils and, as part of the budget setting process for 2021-22, will look at implementing the following: -

- General reserves – establishing a level of general reserves (for use at any time on any appropriate matter) as a part of the precept (between 25-100% as per sector guidance outlined above)
- Earmarked reserves - the Council will be asked to consider establishing a number of earmarked reserves to cover areas such as renewals (replacement of equipment and property maintenance); carry forward of any areas of underspend (not to be spent in-year); and insurance reserve (to meet excesses of claims)

In order to put these reserves in place, the budget monitoring system outlined above will continue and decisions will be made by the Council as part of the 2021-22 budget setting process. The Committed **APPROVED** these actions and asked that this matter be placed before the Parish Council at its meeting in November 2020.

5. ANY OTHER BUSINESS

The following areas of other business were raised: -

- Audit 2019-20 – the Clerk confirmed that the audit process had been completed and that the Parish Council had been exempted from the external audit process. The Clerk also confirmed that the Public Rights Notice had been posted on the Parish Council website on 31st August 2020, prior to the start of the Public Rights period on 1st September 2020
- Fundraising – the Committee raised the issue of fundraising and whether the Parish Council could raise funds. The Clerk advised that the Parish Council adopt the General Power of Competence at its next meeting in November 2020 to assist with this.

6. DATE OF NEXT MEETING

Members agreed to the date of the next Finance Committee meeting as Tuesday 8th December 2020 at 7.30pm.

Meeting closed at 21:15pm

Chair