

DORCHESTER TOWN COUNCIL

POLICY COMMITTEE

17th JANUARY, 2006

At a Meeting of the Policy Committee held on 17th January, 2006:

PRESENT The Mayor (Councillor R.M. Biggs) and Councillors T.C.N. Harries, Mrs. S.C. Hosford, Trevor Jones (Chairman), T.A. Parsley, L.M. Phillips and R.G. Tarr.

In attendance:
Councillor R.B. Potter

APOLOGY for absence was received from Councillor Miss C.M. Hebditch.

27. **MINUTES**

The Minutes of the Meeting of the Committee held on 22nd November, 2005, adopted by Council on 29th November, 2005, were taken as read and were confirmed and signed by the Chairman as a correct record.

28. **RESOURCES PANEL – 5th DECEMBER, 2005**

The Committee received and noted the Minutes of the Meeting of the Resources Panel held on 5th December, 2005 (for Minutes see Appendices I and II).

29. **MINUTES OF OTHER COMMITTEES**

(a) **Planning and Environment Committee – 3rd January, 2006**

The Committee received Minute 63 of the Planning and Environment Committee dealing with the Committee's Estimates for 2006/07 and it was

RESOLVED

That this Minute be considered at Minute 34 below.

(b) **Management Committee – 10th January, 2006**

The Committee considered the under-mentioned Minutes of the Management Committee:

Minute 43(a) – Borough Gardens Panel
Minute 47 – Dorchester and District Chamber of Commerce, Industry and
Tourism – Town Promotion Sub-Committee – Grant
Minute 48 – Estimates 2006/07.

It was

RECOMMENDED

- (1) That Minute 43(a) be approved so far as this Committee is concerned and that the Council make an additional £25,000 available to the Borough Gardens Refurbishment to enable the external works to commence on or shortly after 1st April, 2006.
- (2) That Minute 47 be approved so far as this Committee is concerned and that the Management Committee be requested to give further consideration to this matter at its next meeting in the light of the further information from the Town Promotion Sub-Committee now submitted.

It was also

RESOLVED

- (3) That Minute 48 be considered at Minute 34 below.

30. **DORCHESTER MARKETS JOINT COMMITTEE**

The Committee received and noted the Minutes of the Meeting of the Dorchester Markets Joint Committee held on 14th December, 2005.

31. **INSURANCE ARRANGEMENTS**

Further to Minute 19(3) the Committee received and noted the report of the Deputy Town Clerk on the level of insurances maintained by the Council.

It was

RESOLVED

That further consideration be given to the level of the Council's Fidelity Guarantee Insurance in the light of the District Auditor's comments at Minute 32(b) below.

32. **AUDIT COMMISSION**

(a) **Final Accounts – 2003/04**

The Committee received and noted correspondence from the District Auditor notifying his unqualified opinion of the Council's Final Accounts for 2003/04, confirming that there were no matters which needed to be raised with Members under SAS610 and confirming that the Best Value Performance Plan for 2004/05 had been prepared and published in accordance with Section 6 of the Local Government Act 1999 and associated statutory guidance.

The correspondence from the District Auditor contained a draft Action Plan dealing with the various points which had arisen during the conduct of the audit and to which the Town Clerk had prepared draft responses in consultation as appropriate with other officers and advisers.

It was

RECOMMENDED

That the Action Plan be responded to in the terms set out at Appendix III.

(b) Fidelity Guarantee Insurance

The Committee considered the recommendation of the District Auditor that the Council's Fidelity Guarantee Insurance should be increased from its present level of £350,000 to a minimum of £800,000 which would result in an additional premium of £879.38 including tax and it was

RESOLVED

That the Town Clerk be requested to arrange for the Council's Fidelity Guarantee Insurance to be increased to £800,000 with immediate effect and that the draft Estimates referred to at Minute ## below be amended to take account of the additional premiums arising.

33. **PROPOSED DEPOT AT LOUDS MILL ALLOTMENTS**

The Committee considered the report of the Town Clerk on the current position regarding this proposed development and seeking final instructions as to whether to proceed with the project to enable a start on site to be made as soon as possible after 1st October, 2006.

Following discussion it was

RECOMMENDED

- (1) That the Town Clerk be authorised to proceed with the delivery of the project with a view to completion as early as possible.
- (2) That the Town Clerk be authorised to seek loan sanction for £300,000 and that he be authorised to determine the precise level of the borrowing in the light of the advice of the Council's financial service provider and in consultation with the Chairman and Vice-Chairman of this Committee.

34. **DRAFT BUDGET AND ESTIMATES – 2006/07**

(a) Planning and Environment Committee

The Committee considered the draft Estimates for the Planning and Environment Committee as approved by that Committee at Minute 63 and it was

RECOMMENDED

That the draft Estimates for the Planning and Environment Committee be approved so far as this Committee is concerned.

(b) Management Committee

The Committee considered the draft Estimates for the Management Committee as approved by that Committee at Minute 48 and it was

RECOMMENDED

That the draft Estimates of the Management Committee be approved so far as this Committee is concerned.

(c) Policy Committee

The Committee considered its draft Estimates for 2006/07.

It was

RECOMMENDED

That the draft Estimates for 2006/07 as now submitted be approved subject to the amendment of the Revised Estimates for 2005/06 and the Estimates for 2006/07 to take account of the decision contained in Minute 32(b) above.

(d) Budget for 2006/07

The Committee considered the Budget for 2006/07 and the precept required.

It was

RECOMMENDED

- (1) That the Revised Estimates for 2005/06 and the Estimates for 2006/07 be approved subject to the amendments referred to at (c) above.
- (2) That a precept in the sum of £900,000 be levied on the West Dorset District Council in

respect of the financial year 2006/07 requesting that payment be made in two equal instalments on 1st April and 1st October, 2006.

35. **BEST VALUE MONITORING REPORT**

The Committee received and noted the report of the Deputy Town Clerk reviewing the Council's performance against the various targets and performance indicators contained in the Performance and Policy Plan.

It was

RESOLVED

- (1) That the various committees and panels of the Council be requested to take into account the extent to which the various targets are being met in the review of their objectives called for at Minute 19(2).
- (2) That a report be submitted to the next meeting of this Committee dealing with the arrangements for feedback of the decisions of the various committees and panels.

36. **CORPORATE GOVERNANCE**

It was

RESOLVED

That consideration of this matter be deferred to the next Meeting of this Committee.

37. **STANDARDS OF CONDUCT IN ENGLISH LOCAL GOVERNMENT: THE FUTURE**

The Committee received and noted a letter dated 15th December, 2005 and the associated Discussion Paper from the Office of the Deputy Prime Minister.

38. **PUBLIC BODIES (ADMISSION TO MEETINGS) ACT 1960**

It was

RESOLVED

That in view of the fact that publicity would be prejudicial to the public interest by reason of the confidential nature of the following matter the public and representatives of the press be excluded from this meeting during its discussion.

39. **INTERNAL AUDIT**

The Committee received and noted the report of the Council's Internal Auditor on the outcome of his most recent review of the Council's financial affairs which had revealed no matters of substance.

Following discussion it was

RESOLVED

That the Town Clerk be requested to prepare an Internal Audit Plan in consultation with the Council's financial service provider when a final appointment has been made.

Chairman

DORCHESTER TOWN COUNCIL

RESOURCES PANEL

5th DECEMBER, 2005

At a Meeting of the Resources Panel held on 5th December, 2005:

PRESENT The Mayor (Councillor R.M. Biggs) and Councillors A.J. Canning, Mrs. S.C. Hosford, Trevor Jones (Chairman), T.A. Parsley and Mrs. M.E. Rennie.

In attendance:
Councillors D.J. Barrett and L.M. Phillips.

10. **PUBLIC BODIES (ADMISSION TO MEETINGS) ACT 1960**

It was

RESOLVED

That in view of the fact that publicity would be prejudicial to the public interest by reason of the confidential nature of the following matters the public and representatives of the press be excluded from this meeting during their discussion.

11. **FINANCIAL SERVICES**

Further to Minute 9 the Panel considered in detail draft terms of reference for the provision of financial services to the Council together with a potential list of firms and individuals which might be invited to tender.

Following discussion and in accordance with the delegated powers granted at Policy Minute 17 it was

RESOLVED

- (1) That the Terms of Reference set out at Appendix II, which incorporate the amendments now agreed, be approved.
- (2) That all the firms and individuals set out on the list now submitted be invited to submit proposals for the provision of the service save that no action be taken for the time being to involve employment agencies in its procurement.
- (3) That the Town Clerk be requested to arrange for the preparation of a draft Investment Policy for consideration at a future meeting of the Panel.

FINANCIAL SERVICES – DRAFT CONTRACT TERMS OF REFERENCE

Contractor's Obligations

1. To employ an adequate number of suitably qualified and/or experienced staff to complete the work specified in the Areas of Work and to ensure that their standards of dress, conduct and demeanour are comparable to the standards required of the Council's staff.
2. To maintain Employers Liability and Professional Indemnity insurances and provide evidence of this on request.
3. To keep up-to-date with changes in guidance on accounting procedures issued by CIPFA, Audit Commission and other appropriate bodies.

Council's Obligations

1. To pay the contractor one twelfth of the annual contracted sum by the seventh day of each month from the commencement of the contract excluding the first month until such time as the contract is terminated.
2. To up-rate the annual contracted sum with effect from 1st April in each year commencing on 1st April, 2007 by the percentage applied to Spinal Column Point 31 in the annual review of local government pay.
3. At its own cost to provide desk space, office equipment, stationery, etc. and to provide and keep up to date any and all necessary computer software.

General Obligations

1. That the contract may be terminated by either party having given three months notice in writing.
2. That the Areas of Work are treated as framework and that minor variances to it will be accommodated within the annual contracted sum. Major new additional work will be a variation to the contract and be subject to either an increase in the annual contracted sum or an agreed day works rate.
3. That there will be a general review of contract after 31st March, 2008 to explore whether the Council can achieve any value for money savings.

Areas of work

Budgeting and Monitoring

1. Prepare a Budget annually in accordance with the Council's wishes and having advised on prevailing legislation.

2. To submit the Council's Precept to the West Dorset District Council and to supply all information required under legislation to them.
3. To monitor income and expenditure against that budget and report three times a year to the Council.
4. To keep the Town Clerk apprised on at least a monthly basis of work arising under the contract.

Annual Accounts

5. To prepare the Annual Accounts in accordance with the Audit and Accounting Regulations 1996 (and as subsequently amended) and deal with the external and internal auditors appointed by the Council.
6. To submit all necessary returns.
7. To maintain the Council's register of property and assets.

Controls

8. To reconcile the Council's bank accounts monthly and manage its cash flow to maximise income within the investment policy of the Council in consultation with the Town Clerk.
9. To ensure that the Council's financial systems are kept up to date recording all money received and expended by the Council (including petty cash).
10. To prepare VAT accounts and returns and deal with HM Revenues and Customs. To advise the Council on VAT legislation to ensure compliance.
11. To prepare the Payroll and deal with HM Revenues and Customs (PAYE and National Insurance) and Dorset County Council (superannuation). To advise the Council on legislation to ensure compliance.
12. To manage the Council's insurances ensuring that:
 - There is adequate cover
 - Adequate records are maintained
 - Claims are processed expeditiously so far as the Council is concerned
13. To ensure the control of unused cheques stocks.
14. To maintain the Council's Financial Regulations so that they comply with the current legislation and best accounting practice.
15. To generally monitor the Council's financial activity for compliance with the prevailing legislation and its Financial Regulations.

Advice and Documentation

16. To advise on the duties of all officers dealing with financial transactions, including himself or herself, and to ensure, so far as possible, the division of responsibilities of

those officers in relation to significant transactions to ensure that there is as much internal checking as possible.

17. To ensure that there are documented procedures for all financial systems and that those systems require that:
 - All money due to the Council is billed and collected promptly in all cases.
 - Suppliers invoices are certified and coding correctly prior to payment that proper audit trails are recorded on the vouchers.
 - There is compliance with the Council's Financial Regulations.
18. To ensure that all staff involved in the use of the Council's financial computer package are adequately and appropriately trained.
19. To advise the Council on its levels of balances and reserves and on the funding of major projects.
20. To attend such Committees as may reasonably be required and/or the Council to offer financial advice.

The duties set out above shall apply as necessary to the activities of the Dorchester Markets Joint Committee, of the Dorchester Joint Burial Committee and of the Dorchester Heritage Committee in the same way as they apply to the activities of the Town Council.

Contract Term

The contract shall run for an initial period of three years and thereafter from year to year.

Matters arising	Effect	Recommendation	Officers' response	Responsible Officer	Target date
Financial Statements					
The draft accounts omitted several key statements including the statement of movements in reserves and the statement on internal control.	Non-compliance with the SoRP. Indicative of poor financial reporting arrangements.	The accounts should be amended. Accounts should be prepared in accordance with the current Statement of Recommended Practice (SoRP). A member of staff should review the accounts in conjunction with the SoRP, prior to the accounts being submitted for approval or audit.	Accounts subsequently amended. The Council is in the process of putting new arrangements in place which will ensure that future accounts are prepared in accordance with SoRP	Financial Services	30 June 2006
The incorrect rate was used to calculate capital financing charges.	Material misstatement of net cost of services.	The accounts should be amended. The council should ensure that the correct rate, as set out in the SoRP, is used to calculate capital financing charges.	Accounts subsequently amended. The Council is in the process of putting new arrangements in place which will ensure that future accounts are prepared in accordance with SoRP	Financial Services	30 June 2006
Community assets are valued at a mixture of current and historic cost net of depreciation.	Non-compliance with the SoRP. Material understatement of community assets.	Assets should be valued in accordance with the SoRP.	The Council's assets are due to be revalued in 2006 and the Accounts for 2005/06 will be produced in accordance with the SORP.	Financial Services	30 June 2006

Market surplus					
The draft accounts contained an estimate of the surplus due to the council.	Misstatement of income.	The accounts should be amended. The council should ensure that Ensors supply the correct figure in time for inclusion in the accounts.	Accounts subsequently amended. Every endeavour will be made to obtain actual figures for share of market surplus in future but this cannot be guaranteed.	Financial Services	30 June 2006
Accruals					
The council has accrued unspent budgeted expenditure.	Non-compliance with the SoRP and accounting convention.	The council should review accruals in 2004/05 to ensure that accruals are only made for goods or services received or provided.	The timing of this report was too late for this point to be actioned in respect of the 2004/05 Accounts. Improved procedures for sundry debtors and creditors will be implemented with effect from 2005/06.	Financial Services	31 March 2006
Additions					
£21,707 of additions were incorrectly shown as a revaluation in the draft accounts.	Non-compliance with the SoRP and accounting convention.	The accounts should be amended. The council should ensure that additions are treated correctly in the accounts.	Accounts subsequently amended.	Financial Services	30 June 2006
The Holmead Walk playground equipment was included in the draft accounts at an estimated amount, which was more than twice the actual amount.	Over-statement of fixed assets.	The accounts should be amended. The council should ensure that actual figures are used where possible, and that, where necessary, estimates are appropriate and supported by sufficient evidence.	Accounts subsequently amended. Noted.	Town Clerk Deputy Town Clerk Financial Services	31 March 2006

The accounts were prepared in June, but no details of the actual cost of the playground equipment were received by the council until requested by the auditor during the audit in November.	Indicative of poor financial reporting arrangements.	The council should obtain details of actual costs for any estimates used as soon as possible.	Noted – this will be picked up in future as part of the accruals procedure.	Town Clerk Deputy Town Clerk Financial Services	31 March 2006
The cost of the council offices extension was charged to the net cost of services in the draft accounts.	Non-compliance with the SoRP. Material overstatement of the net cost of services.	The accounts should be amended. The council should ensure that additions are accounted for in compliance with the SoRP.	Accounts subsequently amended. The Council is in the process of putting new arrangements in place which will ensure that future accounts are prepared in accordance with SoRP	Financial Services	30 June 2006
Virement of reserves					
Reserves previously set aside for the Borough Garden refurbishment were vired for use on the council offices extension. There was no specific agreement of this virement in the minutes.	Indicative of poor financial reporting arrangements and weak internal controls.	All virements should be specifically agreed in council meetings, and the agreement should be fully minuted, including details of which budgets or reserves have been affected, and quantifying the amount involved.	Noted.	Town Clerk	Immediate
Fixed asset register					
There is a £195 difference between the fixed asset register and the value of assets shown in the accounts.	Indicative of poor financial reporting arrangements.	The register and accounts should be reconciled.	The fixed asset register and the accounts will be reconciled.	Financial Services	31 March 2006
Fidelity assurance					
Fidelity guarantee insurance appears low.	Risk that council is under-insured.	Insurance levels should be reviewed to ensure that cover remains adequate.	In hand. When the necessary premium quotation is received Members	Deputy Town Clerk	31 January 2006

			instructions will be sought.		
Related party transactions					
The related party note does not include details of year end transactions.	There is a risk that, without full disclosure of in-year transactions and year-end balances, readers of the accounts may be unable to fully appreciate the nature of the relationship.	The related party note should be revised in 2004/05 to include year end debtor or creditor balances with the related parties.	The timing of this report was too late for this point to be actioned in respect of the 2004/05 Accounts. It will be addressed in the preparation of the Accounts for 2005/06.	Financial Services	30 June 2006
Those parties listed are limited to local government organisations.	There is a risk that non-local government organisations which are related parties by virtue of shared members/directors may be excluded from the disclosure.	The procedure for identifying related parties should be reviewed to ensure that all possible related parties are identified. This will also aid the council in identifying possible group entities which may need to be consolidated	The point is accepted and will be addressed in the preparation of the Accounts for 2005/06.	Town Clerk Financial Services	30 June 2006