

# KENDAL TOWN COUNCIL

## Audit, Grants and Charities Committee

**Tuesday 12<sup>th</sup> May 2020 at 7.00 pm  
(Via Teleconferencing)**

- PRESENT** Councillors Matt Severn (Chair), Julia Dunlop (Vice Chair), Rachael Hogg, Geoff Cook and Douglas Rathbone (Deputy Mayor)
- APOLOGIES** Councillor Pat Gibson
- OFFICERS** Judith Lomax (Town Treasurer) and Nicky King (Council Secretary)
- 1046/19/20 PUBLIC PARTICIPATION**
- None.
- 1047/19/20 DECLARATIONS OF INTEREST**
- There were no declarations of interest.
- 1048/19/20 MINUTES OF THE MEETING HELD ON 27TH JANUARY 2020**
- The Chairman presented the minutes of the meeting held on 27<sup>th</sup> January 2020, which had been approved by full Council on 2<sup>nd</sup> March 2020.
- Councillor Dunlop proposed that the minutes be accepted as a correct record of the meeting. This was seconded by Councillor R Hogg and carried unanimously.
- RESOLVED** That the minutes of the meeting of the Committee held on 27<sup>th</sup> January 2020 be accepted as a correct record.
- MATTERS ARISING** (Not on Agenda)
- None.
- 1049/19/20 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT**
- The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. The internal audit for 2019/20 had been carried out by R F Miller & Co. The review of the internal audit service comprised two aspects, meeting standards and characteristics of effectiveness. The Treasurer asked Members to consider the review and the reappointment of R F Miller & Co as internal auditors for 2020/21.
- The Treasurer noted that the report had been omitted from the papers which related to the Review of Effectiveness of Internal Audit. This had been circulated by separate email to Members prior to the meeting.

Members approved the report and agreed to forward it to full Council. It was also agreed that R F Miller & Co be re-appointed for 2020/21.

**RECOMMENDATION** That Council approves the review of the effectiveness of its internal audit arrangements in 2019/20.

**RESOLVED** That R F Miller and Co be re-appointed as internal auditors for 2020/21.

**1050/19/20 ANNUAL REVIEW OF THE SYSTEM OF INTERNAL CONTROL AND ANNUAL GOVERNANCE STATEMENT**

The Treasurer presented the Annual Review of the System of Internal Control and Annual Governance Statement 2019/20.

Under the Accounts and Audit Regulations 2015 the Town Council must ensure it has a sound system of internal control which:

- Facilitates the effective exercise of its functions and the achievement of its aims and objectives.
- Ensures that the financial and operational management of the authority is effective; and
- Includes effective arrangements for the management of risk.

Each financial year the Council must also conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS) in the format prescribed by the Annual Return, Section 1. The AGS must be approved before the Council approves the annual accounts.

Members were satisfied with the review of the internal control framework and the AGS. Councillor Dunlop proposed that these be taken forward to Council. This was seconded by Councillor Cook and carried unanimously.

**RECOMMENDATION** That Council:

1. Adopts the NALC publication "Governance and Accountability for Small Authorities 2020" as representing best practice in these areas, with effect for 2020/21.
2. Approves the review of the effectiveness of the Council's system of internal control for 2019/20.
3. Approves the Annual Governance Statement for 2019/20.
4. Authorises the Mayor and Town Clerk to sign the Statement at Section 1 of the Annual Return.

**1051/19/20 FINANCE OUTTURN REPORT – YEAR ENDED 31<sup>ST</sup> MARCH 2020**

The Treasurer presented the Finance Outturn Report and the Statement which shows actual income and expenditure for 2019/20 compared to the Approved Budget for the Year.

The following points were highlighted:

Income

- There was a variance of almost £14k.
- Proceeds of the sale of heritage assets were received in the amount of £8,603 and this has been transferred to the reserve.
- Investment income was £2,183 higher than expected due to interest rates remaining favourable.

Expenditure

- IT and Website overspend of £1,531. There is a recurring overspend each year and it may be necessary to consider increasing this budget.
- Overspend on Allotments of £1,589 which includes back rent paid to SLDC for Castle Hags allotments of £682 and expenditure of £2,644 on pest control.
- There was an underspending of £5,443 in Festival Grants.

The Chair commented that any significant underspend is of concern and said underspend in Festival Grants may need further consideration.

Councillor Rathbone proposed that Council be recommended to approve the report. This was seconded by Councillor R Hogg and carried unanimously.

**RECOMMENDATION** That Council approve the Finance Outturn Report for year ended 31<sup>st</sup> March 2020.

**1052/19/20 ANNUAL ACCOUNTS 2019/20**

The Treasurer presented a report in respect of the Council's Annual Accounts 2019/20 for consideration prior to submission to Council. These included an Income and Expenditure Account, Balance Sheet, Reserves Statement and the Annual Return (Section 2, Accounting Statements).

The variations in figures related to this year's figures compared to last years. It was noted that income was higher this year, compared to last year. With regard to expenditure, it was highlighted that there had been much less expenditure this year on Action Plan projects compared to the previous year. However, since this is a rolling programme of expenditure, projects that were not paid for last year will carry over to this year.

The Treasurer commented on the election costs, that there were no costs for the previous year. She explained the costs were for the previous election and that we get billed in arrears.

The Treasurer informed Members that new legislation put in place due to Coronavirus requires the AGAR to be published by 31<sup>st</sup> August and on the website by 30<sup>th</sup> November (this is normally a couple of months earlier). However, in order to get the timings right it was still necessary to consider the accounts during this meeting.

Councillor Cook proposed that Committee recommend acceptance of the report by Council. This was seconded by Councillor Dunlop and carried unanimously.

**RECOMMENDATION** That Council accept the Annual Accounts 2019/20 as presented.

**1053/19/20**

**GENERAL GRANTS CRITERIA 2021/22**

The Treasurer presented the General Grants Criteria for 2021/22 and requested Members review the criteria and recommend any amendments.

There was a discussion regarding climate change and whether this should form part of the criteria for determining grants. Councillor Severn also asked Members whether they felt the wording should include reference to the ongoing Coronavirus situation and organisations working hard for local residents. Councillor Cook commented that his preference was to judge every application on its merits and Members agreed.

Councillor Cook also made the point that it is not just community groups making applications but other organisations such as the Brewery who will lose a lot of money this year. He proposed the guidance remain the same this year. This was seconded by Councillor Rathbone and carried unanimously.

**RECOMMENDATION** That Council approve the Grants Criteria 2021/22, subject to the amendments discussed.

**1054/19/20**

**SCHOOLS OF SCIENCE AND ART CHARITY – 2019/20 ACCOUNTS AND 2020/21 FORECAST**

The Treasurer presented a report which sets out the Schools of Science and Art Charity's summarised Receipts and Payments Accounts for year ended 31<sup>st</sup> March 2020 and a forecast for 2020/21. Committee were asked to review the Charity's financial position prior to it being reported to the Trustees.

There have been a number of grants paid out this year which the Trustees agreed be paid following a legacy left to the Charity last year. The Treasurer highlighted a grant paid to Miss Neill towards an expedition to the High Arctic in November 2020 of £500. In view of the current situation with the pandemic it was pointed out that the expedition may not go ahead as planned. The Treasurer will contact the recipient in the summer and any updates will be reported to the Trustees.

There was a general discussion regarding payment of the regular annual prize grants of £50 each to the two local High Schools and Kendal College and whether this amount should be increased. Councillor Cook commented that there is little scope to increase due to the minimal income of the Charity. It was thought the sum of £50 had remained the same for around 15 years. Councillor Dunlop proposed the sum be increased to £75. Councillor Cook made the point that interest on investments may not be as good next year and

proposed increasing the amount to £75 for this year but noting this may need reviewing in future years. This was seconded by Councillor R Hogg and carried unanimously.

Members then considered the recommendations in the report. Councillor Cook proposed that the Charity's accounts for 2019/20 and forecast income for 2020/21 be accepted and forwarded to the Charity's Trustees for approval. Also that the payment of the regular annual prize grants be made. This was seconded by Councillor Dunlop and carried unanimously.

**RESOLVED** That the three annual prize grants awarded be increased from £50 to £75 for this year. Increase to be reviewed in future years

**RECOMMENDATION** That the Trustees of the Charity be recommended to:

1. approve the Charity's Accounts for 2019/20 and forecast income for 2020/21;
2. approve the payment of the three regular annual prize grants for 2020/21.

**1055/19/20 ITEMS FOR THE NEWSLETTER**

It was suggested that invitations for grant applications be included.

**1056/19/20 ANY OTHER BUSINESS**

None.

**1057/19/20 DATE OF NEXT MEETING**

Monday 27<sup>th</sup> July 2020 at 7pm.

The meeting closed at 7.49pm.

**Summary of Information, Resolutions and Recommendations to Council**

<b>Min</b>	<b>Subject</b>	<b>Information/Resolution/Recommendation to Council</b>	
<b>1049</b>	Review of Effectiveness of Internal Audit	<b>REC</b>  <b>RES</b>	That Council approves the review of the effectiveness of its internal audit arrangements in 2019/20. That R F Miller and Co be re-appointed as internal auditors for 2020/21.
<b>1050</b>	Annual Review of the System of Internal Control and Annual Governance Statement	<b>REC</b>	That Council:  1. Adopts the NALC publication "Governance and Accountability for Small Authorities 2020" as representing best practice in these areas, with effect for 2020/21. 2. Approves the review of the effectiveness of the Council's system of internal control for 2019/20. 3. Approves the Annual Governance Statement for 2019/20. 4. Authorises the Mayor and Town Clerk to sign the Statement at Section 1 of the Annual Return.
<b>1051</b>	Finance Outturn Report	<b>REC</b>	That Council approve the Finance Outturn Report for year ended 31 <sup>st</sup> March 2020.
<b>1052</b>	Annual Accounts 2019/20	<b>REC</b>	That Council accept the Annual Accounts 2019/20 as presented.
<b>1053</b>	General Grants Criteria 2021/22	<b>REC</b>	That Council approve the Grants Criteria 2021/22, subject to the amendments discussed.
<b>1054</b>	Schools of Science and Art Charity – 2019/20 Accounts and 2020/21 Forecast	<b>RES</b>  <b>REC</b>	That the three annual prize grants awarded be increased from £50 to £75 for this year. Increase to be reviewed in future years  That the Trustees of the Charity be recommended to: 1. approve the Charity's Accounts for 2019/20 and forecast income for 2020/21; 2. approve the payment of the three regular annual prize grants for 2020/21.