

# Kendal Town Council

Town Hall, Highgate, Kendal LA9 4ED  
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**Minutes of a meeting of the Audit Committee held on Monday, 16 October 2023, at 7.30 p.m. in the Council Chamber at the Town Hall, Highgate, Kendal.**

Cllr S Coleman	Present	Cllr J Dunlop	Present
Cllr L Edwards	Present	Cllr D Evans	Apologies
Cllr M Helme	Present	Cllr C Russell (Chair)	Present
Cllr D Rathbone (Vice-Chair)	Present		

**In attendance:** Chris Bagshaw (Town Clerk).

## **A1/2023 Apologies**

Apologies for absence were received from Cllr Evans, but require ratifying at a subsequent meeting, as they were forwarded to a member of staff who was not present at the meeting.

## **A2/2023 Declarations of Interest**

No declarations of interest were raised under this item.

## **A3/2023 Exclusion of Press and Public (Public Bodies Admission to Meetings Act 1960)**

There were no excluded items on the agenda.

## **A4/2023 Minutes of the Last Meeting**

**Resolved:** To receive the minutes of the former Audit, Grants and Charities Committee held on 10 July 2023 and to authorise the Chair to sign them as a true record.

## **A5/202 Minute Action Sheet**

The Committee considered a report on actions taken by officers on resolutions or recommendations made at previous meetings. It was suggested that running headings could be carried over onto subsequent pages.

**Resolved:** To note the actions taken by officers on resolutions or recommendations made at previous meetings. It was suggested that the individual headings on the sheet be made to run over subsequent pages.

## **A6/2023 New Terms of Reference**

The Town Clerk reported that the Audit Committee had inherited its role in overseeing the Audit of the Council's activities from the previous Audit, Grants and Charities Committee. He drew attention to the new Terms of Reference and asked the Committee to consider any actions required. The Committee noted that the 'Grants and Charities' element had now passed to the Culture and Communities Committee.

The Clerk explained that it was the Committee's role to manage the appointment of Internal Auditors, but the External Auditor was currently assigned by Smaller Authority Audit Appointments (SAAA).

It was noted that the new Terms of Reference refer to nine members, but that the current membership was only seven. The Committee suggested that this may be reviewed for the next municipal year.

**Resolved:** To note the Committee's revised Terms of Reference.

#### **A7/2023      2023/24 Budget Monitoring**

The Committee considered a report on the Council's budget and expenditure for the second quarter, to the end of September 2023. The Clerk explained a number of income headings, including the grant from SLDC, which was now discretionary for the collecting authority and related to the council tax support grant system, introduced through the Local Government Finance Act in 2013. It was suggested that the Council contacts Westmorland and Furness Council's chief finance officer to seek guidance on the likely continuance of this scheme.

As the various cost centres were reviewed and explained, a number of queries arose, which the Clerk answered, including the way the Council makes provision for electoral costs, both 4-yearly and as one-off events. The Chair explained that he was about to have a series of meetings with both the Clerk and the Finance Officer to get a better understanding of how the budget costs are calculated in the Council's finance system. It was noted that vehicle costs would be likely to change if the Council replaced its diesel van with an electric one, but the overall cost of having a vehicle may not change.

It was suggested the way in which ear-marked funds are presented to Council should ensure that members are reassured about particular projects. The term 'councillor contributions' was also felt to be opaque and could be improved.

**Resolved:** To note the report, including its statements of earmarked reserves.

**Resolved:** The Town Clerk to contact W&FC about the Council Tax Support Grant.

**Resolved:** The Town Clerk to consider ways in which the finance information of the Council is presented so that it is more readily understood by members.

#### **A8/2023      Bank Reconciliation**

The Committee considered the bank reconciliation statements to September 2023.

**Resolved:** To receive and note the bank reconciliation statements to September 2023.

#### **A9/2022      External Audit**

The Town Clerk reported that, at the time of publication of the agenda on Monday, 9 October 2023, the External Auditor had not submitted the Council's Audit Report. Instead, they had offered an 'interim statement', confirming that they had not completed the report within the statutory timescale. This statement had been published on the Council's website to maintain the Council's requirement for publishing within the statutory timescale and was attached to the agenda. The Clerk reported that this was very unusual, and the Committee asked that he take up the matter with the External Auditor and report the outcome to Management Committee

**Resolved:** To receive and note the interim statement from the Council's External Auditor for the year 2022-23.

**Resolved:** That the Town Clerk take up the matter of late reporting with the External Auditor, and report the outcome to the Management Committee.

#### **A10/2023 Tax Investigation Insurance Scheme**

The Committee was asked to consider a Tax Investigation Service offered by RfM to protect the Council from the professional costs, stress and uncertainty brought about by an HMRC enquiry.

**Resolved:** Not to take up the Tax Investigation Service at this time, but to include the risk for consideration in the review of the Council's Risk Assessment at a subsequent meeting.

#### **A11/2023 Internal Audit**

The Town Clerk reported that the Accounts and Audit Regulations 2015 required the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

Public sector internal audit standards were not applied by regulation to the Town and Parish council sector, so the standards were for guidance and best practice.

The Town Clerk reminded Members that the Council should carry out a review of the effectiveness of its overall internal audit arrangements annually. The former Audit, Grants and Charities Committee had recommended that the Council refresh the Internal Auditor's terms of engagement. Pressure of time had meant that this had not been possible in 2022-23, but the Town Clerk advised that this should now be taken forward, as a matter of priority.

The extract from the Practitioners' Guide formed the basis for the letter of engagement, and should include:

- roles and responsibilities;
- audit planning and timing of visits;
- reporting requirements;
- rights to access information, Members and officers;
- period of engagement;
- remuneration;
- any other matters required for the management of the engagement by the Council; and
- professional indemnity insurance.

The Town Clerk further presented draft terms of engagement for Internal Audit.

The Committee was asked to consider the Council's arrangements for Internal Audit and to make any necessary recommendations.

**Resolved:** To draw up a new letter of engagement and invite potential Internal Auditors (which may include the current IA) to quote for the work, including an interim audit (equivalent to a six month review in future years).

#### **A12/2023 Financial Regulations and Governance Arrangements Next Steps**

The Town Clerk reported that the Council had adopted new Financial Regulations in June, based on the NALC 2019 Model Financial Regulations. One of the roles of the Audit Committee was to keep the Financial Regulations under review.

A new model was being drafted by NALC currently and the Town Clerk reported on progress of their current consultation on this matter. \*\*\*

The Committee was asked to consider if it wished to set out such other steps in the Council's governance arrangements as it saw appropriate and to consider the next steps in the Council's appraisal of its governance arrangements, following the adoption of new Financial Regulations.

**Resolved:** To note the review of the model financial regulations and to bring a list of financial procedures and practices to the next meeting of the Committee for review and consideration.

The meeting closed at 9.25 p.m.