

Kendal Town Council

Town Hall, Highgate, Kendal LA9 4ED
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Minutes of a meeting of the Audit Committee held on Monday, 29 January 2024, at 7.30 p.m. in the Council Chamber at the Town Hall, Highgate, Kendal.

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

In attendance: Chris Bagshaw (Town Clerk) and Inge Booth (Democratic Services Assistant), and one member of the public.

A13/2023 Apologies

Resolved: To receive and accept apologies for absence Cllrs S Coleman and D Rathbone.

A14/2023 Declarations of Interest

No declarations of interest were raised under this item.

A15/2023 Exclusion of Press and Public (Public Bodies Admission to Meetings Act 1960)

There were no excluded items on the agenda, however, the Town Clerk drew attention to Agenda Item No.9 (Internal Audit) and explained that it may be necessary to move into Part II during consideration of that item.

A16/2023 Minutes of the Last Meeting

It was pointed out that Cllr D Evans had tendered an apology prior to the last meeting, but to a member of staff who had been on leave at the time, and so this had not been raised at the meeting. It was suggested that all Members be informed in future to email their apologies for meetings to the Kendal Town Council "office" address in order to ensure receipt prior to meetings.

Resolved: To retrospectively receive and accept Cllr D Evans' apologies for the meeting held on 16 October 2024.

Resolved: To advise all Members in future to email apologies for meetings to the Kendal Town Council "office" address.

Resolved: To receive the minutes of the Audit Committee held on 16 October 2024 and to authorise the Chair to sign them as a true record.

A17/2023 Minute Action Sheet

The Committee considered a report on actions taken by officers on resolutions or recommendations made at previous meetings. The Town Clerk drew particular attention to items reference numbers 4 (improvements to nominal codes) and 8 (making the finance system available to Members) and advised that work continued in these areas. Item reference number 17 (Internal Audit engagement), the Town Clerk explained, appeared later on the agenda.

Resolved: To note the actions taken by officers on resolutions or recommendations made at previous meetings.

A18/2023 2023/24 Budget Monitoring

The Committee considered a report on the Council's budget and expenditure for the third quarter of 2023/24. The Town Clerk was pleased to inform Members that the Budget for 2024/25 due to be brought before Council the following week demonstrated that the Council was budgeting correctly, although drew attention to the fact that in respect of nomenclature, the 2024/25 column remained draft.

Discussion took place in relation to the Development Budget, the Town Clerk explaining that not all aims would be met. This raised the suggestion that the Environment Committee may need to be asked to reconsider its projects and how they tied in with the Plan for Kendal so that the Council could be clear on what its reserves were and how they were being used.

Resolved: To ask the Environment Committee to carry out a review of its projects and to report back to the Audit Committee.

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

A19/2023 Bank Reconciliation

The Committee considered the bank reconciliation statements to 31 December 2023. The Town Clerk explained the Docusign process, adding that officers were keen for councillors to have informal oversight of the statements.

It was suggested that financial procedures would need to be altered to incorporate this extra step and that the amended document should be brought before the Committee for approval. In addition, confirmation was sought with regard to the status of Cashbooks 2, 3 and 4. In response to a query, the Town Clerk explained that the Council did not use petty cash where this could be avoided.

Resolved: To include the additional step of oversight of the Council's bank reconciliation statements within the Council's financial procedures and to bring the amended document before the Audit Committee for approval.

Resolved: The Town Clerk to provide confirmation with regard to the status of Cashbooks 2, 3 and 4.

Resolved: To receive and note the bank reconciliation statements to 31 December 2023.

A20/2023 External Audit

Further to Minute No.A9/2023 (2023/24), the Town Clerk presented the report from the Council's External Auditor for the year 2022-23. The report stated that, except for those matters detailed within the document, on the basis of External Audit's review of Sections 1 and 2 of the Annual Governance and Accountability Return, in their opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR) was in accordance with the Proper Practices and no other matters had come to their attention giving cause for concern that relevant legislation and regulatory requirements had not been met.

Those matters referred to within the report related to the fact that the announcement of the Period for Public Rights had been made prior to the approval of Section 2 of the AGAR when the Regulations required that the Return should be approved prior to the Notice being published. In addition, the report referred to other matters not affecting External Audit's opinion. Firstly, the comparative column of the AGAR Section 2 Statement of Accounts did not arithmetically add down to Box 7 by £1 when summed. When rounding the number for the Return, care should be taken to ensure the Return summed correctly as well as ensuring that Box 7 of the comparative year equalled Box 1 of the current year. Incomplete information had been provided with the initial supporting data submitted for review with regard to significant variances, which had been later requested but had remained insufficient. Attention was drawn to the fact that the Council should, in future, ensure that all the necessary supporting information was provided. Also pointed out was the fact that the Internal Auditor had commented that they had been unable to confirm that the Council had met its annual publishing responsibilities. The Council had, however, been certain that it had met its responsibilities and had, therefore, responded in the affirmative to the relevant assertions. External Audit had been unable to independently confirm this, however, the Internal Auditor had indicated their intention to timetable this into their checks during 2023/24. The Internal Auditor had answered in the affirmative to question K on the Annual Internal Audit Report regarding authorities that were exempt in the current or prior year, however, this had been incorrect.

The letter from External Audit also referred to the fact that it had been noted that certain internal review policies and procedures were out of date due to changes in systems. Explanations had, however, led External Audit to state that it was unlikely that any matters had been improperly concluded by the Council. They were now, however, satisfied that systems were now in place and working as intended. External Audit now asked to be provided with a copy of the updated policies and procedures in relation to financial management during the year and for internal controls to be provided with the 2024 AGAR, together with a copy of the minutes adopting those practices. They also wished to see confirmation from the Internal Auditor that they had reviewed these policies and were satisfied that they were being followed.

The Town Clerk referred to the length of time taken in receiving the report which had only arrived on 18 January, also referring to the interim statement that had been received in October 2023. He provided details in relation to how this had happened and drew attention to the fact that External Audit had since apologised for the delay.

The Town Clerk went on to provide an explanation in relation to the one exception raised by External Audit. He informed Members that, with regard to early publication of the Notice prior to approval of the Return, he had been due to be away on leave when this was due to be done, and so carried out this task in advance. The control for this was to timetable in future for the Notice to be published after the relevant Council meeting. Members were, on the whole, content with this control, however, it was pointed out that this action had led to receipt of a qualified set of accounts and that there was a need to ensure that processes

were correct and that the Council was fully compliant. Attention was, however, drawn to far greater concerns raised within relation to other councils' External Audit reports and it was felt by most that this small error could be considered as acceptable. It was stressed though that the comments raised within the report would be taken on board and that procedures would now be reviewed, applied and kept consistently under review as the Council adapted to a changing world.

The Town Clerk next referred to those other matters not affecting External Audit's Opinion. He apologised for the matter of having rounded up the figure of 47p to £1. It was suggested, therefore, that these figures should be checked manually moving forward, with two to three individuals also looking.

The Town Clerk said that he disagreed with the comment regarding provision of insufficient supporting information on significant variances, explaining that this had been provided as requested, as in previous years. He suggested that moving forward efforts would need to be made to complete the questionnaire in more detail, perhaps also scheduling additional meetings of the Audit Committee in order to agree the content. It was also raised that there was a lack of clarity by External Audit as to what information was actually required. Members supported the need for additional meetings moving forward in order to consider all the material to be submitted to External Audit and suggested that the Town Clerk should go back to External Audit to find out specifically what had been insufficient and what was required in future.

The Town Clerk next referred to the comment which had been raised in relation to Internal Audit not being able to confirm that the Council had met its annual publishing requirements. He suggested that Internal Audit had not looked at the Council's Website to check as per information contained within the relevant Practitioners' Guide. This raised the suggestion for an authorisation process in this regard in order to record information on who carried out the publication and confirmation that it had happened. The Town Clerk, however, pointed out that the Website's back system could demonstrate details around publication, and so a system was already in place. Members acknowledged, therefore, that the External Auditor's comments should simply have stated that the Council had evidence that it had done as required but that it was Internal Audit that had failed in this matter.

Discussion turned to the covering letter submitted by External Audit and it was acknowledged that, despite certain internal review policies and procedures being out of date due to changes in systems, it had been concluded that it was unlikely that any matters had been improperly concluded by the Council. Members acknowledged that they understood the AGAR Statement for 2022/23 and the explanations provided with regard to the exemption and other matters, as well as how these matters would be dealt with in future.

The Town Clerk re-capped on what needed to be done moving forward with regard to Internal Audit confirming that they had carried out their work as required and the need for updated policies and procedures and copies of minutes in relation to adoption thereof. He suggested that an additional meeting should be organised to be held in March in order for formal adoption. He further reiterated the fact that the Audit Committee needed to meet more often throughout the year.

Attention was drawn to the matter in relation to External Audit's fee and the cost to the Council of an additional £532.50 in relation to additional time spent requesting and reviewing information required after questions had been raised to the Auditor by an elector/electors. Whilst it was not known who had raised these questions, it led to a suggestion for any Member who had concerns to bring these direct to the Audit Committee in the first instance.

Members expressed thanks and support to those staff who had been involved in this work, namely the Town Clerk and the Finance and Administration Officer.

Resolved: The Town Clerk to schedule additional meetings of the Audit Committee during 2024/25 and to approach External Audit to find out exactly what information had lacked in the 2022/23 Audit and what is required for 2023/24 and future years.

Resolved: The Town Clerk to organise an additional meeting of the Committee during March 2023 for consideration and adoption of Internal Audit and other policies and procedures.

Resolved: To receive the report from the Council's External Auditor for the year 2022-23.

Part Two

The next items were considered following a resolution to exclude the Press and Public, due to the confidential or commercial sensitivity.

A21/2023 Internal Audit

The Town Clerk provided a verbal update on progress made towards the appointment of an Internal Auditor for 2023-24. He stressed the importance of appointing an internal auditor with experience in governance audits. He suggested that an additional meeting of the Committee would need to take place during March 2024 (see Minute No.A20/2023 (External Audit) above) in order to make a formal appointment.

Raised was the need to carefully consider dates for meetings moving forward to ensure that audit deadlines could be comfortably met.

Resolved: To put out to tender the appointment of an Internal Auditor for 2023/24, as discussed at the meeting and to give consideration to the formal appointment at the additional meeting of the Committee due to be organised for March 2024.

Resolved: To give careful consideration to appropriate dates for meetings moving forward to ensure that audit deadlines can be comfortably met.

Resolved: To note the verbal update.

Part One

The remainder of the meeting was re-opened to the Press and Public.

A22/2023 Risk Assessment

The Town Clerk reported that the Council's audit and governance regime required that it reviewed its risk management procedures on a yearly basis and that this assessment was now due to be carried out.

The format of the assessment followed a matrix developed by the Joint Practitioners Advisory Group (JPAG). Rather than overwhelm Members with the minutiae of individual process-based risk assessments, it took a much broader view of the concept of risk, and challenged the Council to demonstrate that it was identifying and mitigating risk through its policies and procedures. It included a list of areas where the Council was assisted in this challenge by its internal auditor. In this context the internal auditor played the vital role of a critical friend. Full details of the assessment were contained within the report.

In presenting the report, the Town Clerk drew attention to the fact that risk to the Council's pension fund was not currently included within the document, and he pointed out that a motion in this respect was due to be debated at the Council the following week. He pointed out that this additional risk should be included within the document.

During discussion, the fact that this was such a wide area of work was raised and suggested was the potential to compare the list with those of other similar councils. In response to a query as to a means of ensuring that the risks were being mitigated, the Town Clerk explained that this would be examined by the Internal Auditor.

The Town Clerk took the opportunity to refer to the outstanding issue of employment by the Council of a Health and Safety Officer, explaining that a gap had been left following the departure of the previous postholder. He advised Members that he already had a shortlist of candidates and that this would be circulated to the Committee, prior to a full discussion at the next meeting.

Discussion continued and reference was made to Internal Controls and to the new Council Plan, new distribution of services and the staffing review. It was felt that this should be shown in more detail within the matrix. The matter of events was raised and the need for maintenance of records. The Town Clerk referred to the recent HR audit and the Council's new "Breathe" system which would be the receptacle for staff and training records. He hoped soon to be able to put the Council's Health and Safety information into a similar system. He explained that the matter of events required a lot of consideration and suggested that it may be necessary for the Council to subscribe to the the "Purple Book" which covered the rules and regulations behinds events organisation and which the Police often made reference to. He also referred to the potential for the Council to contract out events moving forward and furthermore drew attention to the Council already having brought in IOSHH, COSHH and PPE – Members were keen for this to be referred to within the matrix.

A query was raised as to how officer workload was monitored and the Town Clerk explained that the recent HR review had gone some way to address this issue. The Management Committee now had a Staffing Sub-Committee which had identified a number of workload issues. As a result, approval had recently been given by the Management Committee for the recruitment of a Deputy Town Clerk and a Support Officer. It was believed that the role of the Support Officer would be to support current officers which, it was hoped, would take away some of the stress which had recently been experienced within the Team. The Town Clerk further reported on further measures which were being introduced, such as annual appraisals and opportunities for dialogue.

It was suggested that, for future ease of reference, the boxes within the matrix might be numbered.

Resolved: To include risk to the Council's pension fund within the list of risks.

Resolved: To compare Kendal Town Council's list of risks with those of similar councils.

Resolved: To circulate a list of Health and Safety Officer candidates to Audit Committee Members prior to inclusion for consideration at the next meeting..

Resolved: To make reference within the matrix to the new Council Plan and distribution of services, as well as the staffing review.

Resolved: To include reference to IOSHH, COSHH and PPE within the matrix.

Resolved: To number each of the items contained within the matrix.

Resolved: To note the report.

A23/2023 Financial Procedures

The Town Clerk presented a report asking the Committee to review the Council's list of financial procedures and to suggest others for development, as appropriate. Not all procedures were currently formalised, but it was the intention to create a single manual of procedures over the next six to nine months. The report referred to a list of a total of 63 financial procedures, and the Town Clerk explained that whilst the Council already followed some of these procedures, some would still require formal adoption. The Town Clerk, at the meeting, further raised the need to add to the list the following to the list:-

- 64. Allocations to Reserves; and
- 65. Interest Calculations.

Attention was drawn to the short descriptions of each of the processes and as to how to deal with issues that fell between two headings. Also suggested was the potential need for contextual diagrams. The Town Clerk, whilst in agreement, stressed the need first to fine tune this list and to identify what may be missing. Of further importance, it was felt, was the inclusion of a timeline in order to ensure that the Committee discussed relevant matters at appropriate meetings. In addition, stressed was the importance of effective reporting of detailed financial implications in relation to any new initiative.

Resolved: The Town Clerk to fine tune the list of financial procedures with a view to bringing it back to a future meeting for adoption and to give consideration to the matters raised at the meeting and outlined above.

The meeting closed at 8.45 p.m.