



# RESOURCES AND GENERAL SERVICES COMMITTEE

Members of the Resources and General Services Committee  
are summoned to attend a Meeting at **7pm** on

**Wednesday 9 January 2019**

at Loughton Library and Town Hall, Traps Hill, Loughton IG10 1HD  
to transact the business shown in the agenda.

**Enid K Walsh**  
**Town Clerk**  
3 January 2019

**Councillor S Pewsey (Chairman)**  
**Councillor J Jennings (Vice Chairman)**

Councillors

M Dalton  
S Murray

J Jogia  
A Omer

J Mahoney

Note to Councillors:  
If you are unable to attend the meeting,  
please phone your apologies to the office on 020 8508 4200.

**A G E N D A**

- 1 Apologies for absence**  
To RECEIVE any apologies for absence.
- 2 Declarations of Interest**  
Councillors to declare any pecuniary or non-pecuniary interest in any items on the agenda.
- 3 Confirmation of Minutes**  
To CONFIRM the minutes of the meeting held on 5 December 2018.
- 4 Public Representations**  
To hear any representations from members of the public who have registered a request to address the Committee in accordance with no 5, Appendix C, of the Standing Orders.
- 5 Matters for Report**  
To REPORT any further significant information on matters which have been previously discussed, in addition to those which may already be included on the agenda.
  - 5.1 Internal Audit Report**  
The internal auditors carried out an interim inspection at the Council Offices on 6 December 2018. A copy of their report has been circulated to all councillors and is provided on pages 2 to 7.
  - 5.2 Financial Assistance Working Group**  
Cllr Pewsey has sent apologies for absence in this regard. The Committee is asked to appoint a third member to this working group to join Cllrs Jennings and Murray in consideration of the applications.
- 6 Council-wide Priorities**
  - \* See attached report (pages 8 – 11).
- 7 Estimates for 2019/20**  
To review the Committees' budgets for the forthcoming financial year and agree a recommendation for the level of Precept for 2019/20 to be made to the meeting of the Council to be held on 16 January 2019.
  - \* See Appendix A to follow under separate cover.

**Enid K Walsh**  
**TOWN CLERK**  
3 January 2019

## **Agenda item 5.1, Internal Audit**

### **Loughton Town Council Internal Audit Report 2018-19 (Interim Report) Diane Holland /Adrian Shepherd-Roberts Auditing Solutions Ltd**

#### **Background**

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Return (AGAR). Auditing Solutions Ltd has provided this service to Loughton Town Council since 2001.

This report sets out the work undertaken in relation to the 2018-19 financial year, during our initial visit to the Council, which took place on 6<sup>th</sup> December 2018 and will be updated following our final visit, which will be timed to follow closure of the year's accounts.

#### **Internal Audit Approach**

In commencing our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential mis recording or misrepresentation in the year-end Statement of Accounts/AGAR. Our programme of cover has been designed to afford assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' in the Council's AGAR, which requires independent assurance over a series of internal control objectives.

#### **Overall Conclusion**

We are again pleased to conclude that, based on the work undertaken to date this year, the Council continues to maintain adequate and effective internal control arrangements. We are also pleased to record that no significant matters have been identified at this stage of our review process. We are again pleased to acknowledge the excellent quality of records maintained by the Clerk and her staff and thank them again for their assistance, which has ensured the smooth progress of our review process.

#### **Detailed Report**

##### **Maintenance of Accounting Records & Bank Reconciliations**

Our objective has been to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have to date:

- Checked and agreed the opening trial balance with the 2017-18 closing Statement of Accounts and certified Annual Return detail;
- Ensured that a full and effective cost centre and nominal account coding structure remains appropriate for purpose and continues to be operated;

- Ensured that the accounts remain ‘in balance’.
- Noted that the Council holds six bank accounts with NatWest Bank, a Business Savings Account with Santander Bank and the Nationwide Building Society;
- Checked and agreed details of transactions in the cashbook to bank statement detail for cash books 1 to 6 for the months of October 2018, noting that all were complete and accurate and had been prepared in a timely manner;
- Checked that bank reconciliations are prepared routinely each month utilising the appropriate software facility; and
- Verified the accuracy of detail in the bank reconciliations for cash books 1 to 6 as at October 2018, also by reference to supporting bank statements ensuring that no long-standing uncleared cheques or other anomalous entries exist.

### **Conclusions**

***We are pleased to report that there are no issues arising in this area of our review process warranting formal comment or recommendation; we shall examine further month’s transactions at our final visit, also ensuring the accurate disclosure of the combined balances in the year’s AGAR.***

## **Review of Corporate Governance**

Our objective is to ensure that the Council has robust corporate governance documentation and processes in place, and that, as far as we may reasonably be expected to ascertain (as we do not attend Council or Committee meetings) all meetings are conducted in accordance with the adopted Standing Orders and no actions of a potentially unlawful nature have been or are being considered for implementation. We have:

- Commenced our review of the Council and standing committee’s minutes for the financial year to date examining those published on the Council’s website to ensure that no issues exist or may be being considered by the Council that may have an adverse effect, through litigation or other causes, on the Council’s future financial stability.
- Noted that Standing Orders were reviewed by Council at their meeting on 4<sup>th</sup> July 2018 and Financial Regulations were reviewed by Council at their meeting on 14<sup>th</sup> February 2018;
- Noted that Council reviewed statutory guidance on Local Government Investments issued by the Secretary of State at a meeting held 4 July 2018 but agreed that the Council’s current strategy continued to be appropriate.

### **Conclusions**

***We are pleased to record that our review has not identified any issues that may have any adverse effect on the Council’s stability in the short, medium or longer term or that give us concern that the Council may either be considering, or have taken, decisions that might result in ultra vires of expenditure being incurred.***

## Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- Members have met their fiduciary duties approving release of each payment in accordance with extant legislation;
- An appropriate order has been placed in each case where one would be anticipated;
- All discounts have been taken;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery and that submissions have been returned to HMR&C in a timely manner.

We have completed testing in this area, selecting a sample of all payments in excess of £3,500, plus every 35<sup>th</sup> payment regardless of value for compliance with the above criteria. Our test sample of 39 payments totals £265,932.91 being 56.40% of the value of non-salary related payments made during the year to date.

We are pleased to note that VAT returns have been submitted to HMR&C quarterly to 30<sup>th</sup> September 2018.

### *Conclusions*

*We are pleased to report that no issues have been identified in this area of our review process warranting formal comment or recommendation.*

## **Assessment and Management of Risk**

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks identified and to minimise the opportunity for their coming to fruition. We have:

- Examined the Council's insurance policy with Aviva, with cover being provided to 31<sup>st</sup> March 2019, to ensure that appropriate cover is in place, noting that Public and Employers Liability cover stands at £10m with the Fidelity Guarantee cover being reduced to £1.2m as agreed by Council 4<sup>th</sup> July 2018; and
- Further noted that all Council owned playgrounds continue to be inspected regularly with two annual inspections undertaken by professionals of which the most recent inspection was carried out on 5<sup>th</sup> July 2018.

### **Conclusions**

*We are pleased to report that no issues have been identified in this area of our review process warranting formal comment or recommendation; we consider the insurance cover in place is appropriate for the Council's present needs.*

## **Budgetary Control and Reserves**

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. Additionally, we aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise

This review visit occurred in advance of members formal deliberations on the budgetary and precept requirements for 2019-20 and we shall consequently review the outcome at our final visit.

### **Conclusions**

*We are pleased to record that no issues have been identified in this area warranting formal comment or recommendation at this stage of our review process. We will, at our final visit, review the outcome of members' deliberations on the 2019-20 budget and precept, also re-examining the current year budget outturn seeking appropriate explanations for any further significant variations that may arise also considering the ongoing appropriateness of the Council's reserves to meet revenue spending and development aspirations.*

## **Review of Income**

In this area of our review, we aim to ensure that income due to the Council is identified, invoiced (where applicable) and recovered at the appropriate rate and within a reasonable time scale; also, that it is banked promptly in accordance with the Council's Financial Regulations.

In addition to the annual precept, the Council receives income from a variety of sources including burial and associated fees, allotment rents, hall hire, the hire of sports facilities and bank interest.

We are pleased to note that Cemetery Fees for 2018/19 were reviewed at the Environment & Heritage meeting on 14th November 2018 as was the Licence for Roding Road allotments, allotment fees for 2018/19 were agreed at the Environment & Heritage meeting on 20th June 2018,

the Kingsley & Murray Hall hire fees were reviewed at the Recreation Committee meeting on 7th November 2018

We have, at our interim visit, examined a random sample of transactions in respect of allotment income 2018/19 checking from inception of agreement through to the banking sheets and relevant bank statements and are pleased to note that no issues arise in this regard.

We have also, at this initial visit, examined random bookings in respect of the Murray Halls from the booking diary to the production of the appropriate invoice to receipt and banking of payments; again with no issues arising.

### **Conclusions**

*In consultation with the Town Clerk it is understood that Council is to undertake an extensive refurbishment process. Concerns were raised with regard to the Council's position regarding Vat reclaims on the proposed works. It would be in the Council's best interest to review/investigate professional advice with regard to the possibility of the "Option to Tax" on the building to ensure future Vat reclaims are compliant with HMRC.*

*We are pleased to report that no other issues have been identified in this area of our review process warranting formal comment or recommendation.*

### **Petty Cash Account and Credit / Debit Cards**

A petty cash account is operated in the Council's office on a simple "imprest" basis with a maximum holding of £150. An excel spreadsheet is maintained each month as the summary for the payment approvals, individual vouchers are sequentially numbered and retained in plastic packets for each period. We have, at our interim visit, checked the transactions for the period for December 2018 verifying the vouchers in respect of expenditure and noting that, where appropriate, VAT has been reclaimed. We have also checked the balance of cash in hand at the time of our visit.

We note that the Council hold two business cards for the use of the Clerk and the Services Manager. A control record in respect of card payments is kept by the Assistant Town Clerk together with the relevant receipts which are then paid on receipt of the relevant statement from the bank. We have checked the business card statements against the control record and the receipts for the period from April to Sept 2018 with no issues arising.

### **Conclusions**

*We are pleased to report that no issues have been identified in this area of our review process warranting formal comment or recommendation.*

## Salaries and Wages

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the requirements of HM Revenue and Customs (HMR&C) with regard to the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme. To meet this objective, we have at this visit:

- Reviewed the Council's payroll preparation procedures;
- Noted that a new payroll service is provided to the Council by James Todd & Co Payroll Services;
- Checked to ensure that the Council has reviewed and approved appropriate pay scales for staff;
- Checked and agreed the amounts paid to individuals by reference to the approved new pay rates, examining payments made in November 2018;
- Ensured that PAYE, NIC and superannuation deductions have been made accurately by reference to the HMRC Basic PAYE Tools software and revised pension contribution bands;
- Ensured that the appropriate month's deductions and contributions have been paid over to HMR&C and the Essex County Council Pension Fund in a timely manner;
- Checked that any overtime paid is properly supported by authorised timesheets; and
- Ensured that BACS funds are released in accordance with government legislation and the Council's own Financial Regulations.

### *Conclusions*

*We are pleased to report that no issues have been identified in this area of our review process warranting formal comment or recommendation.*

## Investments and Loans

Our objectives here are to ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment accounts; that an appropriate investment policy is in place; that the Council is obtaining the best rate of return on any such investments made; that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

The Council has three PWLB loans in place repayable half-yearly and we have confirmed the first repayments instalments for the current year at our interim visit.

The Council does not have any loans repayable to it.

### *Conclusions*

*We are pleased to report that no issues have been identified in this area of our review process warranting formal comment or recommendation.*



**Agenda item 6**

**Council-wide Priorities**

The Committee is requested to consider all the lists from the spending committees and draw up a council-wide priority list. This list gives a framework within which the Council's budgets and precept are set, and gives an indication of where resources, both financial and staff time, should be concentrated. This recognises that a number of activities are agreed by committees but there may not be adequate resources to progress them all.

On-going activities are included on the lists for completeness; it is accepted that these will take the highest priority as they have to be maintained.

For information the following list of key priorities was agreed in January 2018:

<b>Ranking</b>	<b>Committee</b>	<b>Activity</b>
1	Environment and Heritage / Planning and Licensing	Neighbourhood and Local Plans
2	Recreation	Playgrounds
3	Recreation	Roding Valley Recreation Ground improvements

<b>PLANNING AND LICENSING COMMITTEE – Priorities 2019/20</b>		
<b>Priority</b>	<b>Main Function</b>	<b>Greater Detail (current position)</b>
<b>Current activities</b>		
High	Neighbourhood and Local Plans	Epping Forest Local Plan Examination in Public, Feb – May 2019
High	Design Award Scheme	Annual award presentation
High	Planning and Licensing	Responding to applications
High	All other matters within the committee's terms of reference	

<b>RECREATION COMMITTEE – Priorities 2019/20</b>		
<b>Current Priority</b>	<b>Main Function</b>	<b>Greater Detail (current position)</b>
<b>Current Activities</b>		
1	RV Recreation Ground – improvements to changing rooms exterior & surrounding area to include a refreshment facility and toilets	Planning application to be submitted. Internal works to be included. External funding TBC
2	Playgrounds	New works/upgrading
3	Land adjacent to Willingale Road Allotment	Use as a nature reserve/community orchard. Some clearance and environmental studies undertaken
4	Roding Valley Recreation Ground	Registration as a “Field in Trust”
5	Roding Valley Recreation Ground path maintenance	Including the diverted path by Charlie Moules bridge – no action at present. EFDC assisting in monitoring the erosion
6	Solar energy installations for Council buildings	Further research and budgetary allowance
7	Outdoor gym at other locations	Monitor the success of the new Willingale Road Playing Field facility
8	Skate park facility	Monthly events during summer months whilst the search for a suitable site continues.
9	Byelaws for Town Council land	To be researched
10	Renaming of the Roding Valley Recreation Ground	Under consideration
11	Youth Forum	No action at present. Collaboration with Epping Forest Youth Council
12	Community Safety	TBC
<b>On-going Activities</b>		
High	Running the committee	Agenda, reports, research, minutes, finance, admin
High	Kingsley and Murray Halls	Bookings, admin, finance, maintenance and works
High	Millennium Remembrance Grove	Tree replacements and maintenance
High	Open spaces including the Memorial Garden in Roding Road	Maintenance
High	Willingale Road Playing Field and Roding Valley Recreation Ground	Football lettings, maintenance and works
High	Playgrounds/outdoor gyms	Maintenance
High	Responding to consultations	Variable
High	Provision of Public Access Defibrillators	Maintenance
High	Any other matters within the committee’s terms of reference	

<b>ENVIRONMENT AND HERITAGE COMMITTEE – Priorities 2019/20</b>		
<b>Current Priority</b>	<b>Main Function</b>	<b>Greater Detail (current position)</b>
<b>Current activities</b>		
High	Heritage Open Days	September events + heritage trail/leaflets - 2020
High	Registration of Village Greens	Applications submitted to ECC
High	Conservation Areas / areas of local landscape merit	Monitor proposals submitted to EFDC Local List review TBC
High	Oakwood Hill Estate improvements	Partnership with ECC and EFDC New Estate signage (completed 18/19)
Medium	Town signs	Awaiting funding opportunities
Medium	Lady Whitaker's Mead	Development of new cemetery
Medium	Vehicle speed reduction measures	Community speed watch scheme to be developed
Medium	Flower baskets	Permissions, contract, installation
Medium	Interpretation panels	Locations to be identified
Medium	Seats (new)	Site surveys, permissions, purchase and installation
Medium	Heritage street lights	Awaiting funding
<b>On-going activities</b>		
High	Running the committee	Agenda, reports, research, minutes, finance, admin
High	Community Lavatory scheme	Awaiting approaches to businesses
High	Cemetery (Church Lane)	Burials, administration, maintenance Rules and Regulations review
High	War memorials	Inspect and maintain
High	Heritage plaques, drinking fountain, seats and other street furniture; Lopping Hall clock	Installation and maintenance
High	Allotments	Lettings, licences, administration
High	Christmas lights (Kings Green, The Broadway and High Road)	Installation, inspections and maintenance
High	Christmas Window Competition	Admin and arrangements
Medium	Alleyway nameplates	Site surveys, permissions, purchase and installation
High	Winter salt bag partnership	Facilitating the ECC scheme Replacement of existing grit bins
High	Responding to consultations	Variable
High	Any other matters within the Committee's terms of reference	

<b>RESOURCES AND GENERAL SERVICES – Priorities 2019/20</b>		
<b>Priority</b>	<b>Main Function</b>	<b>Greater Detail (current position)</b>
<b>Current activities</b>		
High	Seeking external funding sources	Targeted action
Low	Council structure	Continuing reviews
<b>On-going activities</b>		
Medium	Banking arrangements and investments	Kept under review
High	Running the Committee	
High	Admin for whole council	
High	Council and committee agendas and minutes	
High	All council finances, end of year accounts, audit etc.	
High	Management of Buckingham Crt	
High	Personnel and employment matters	Staff Handbook review
High	IT and office equipment	
High	Civic matters	Civic Celebrations incl Citizenship Awards
High	Annual Report	Preparation and printing
High	Newsletter	Editorial, printing and distribution
High	Noticeboards	Maintenance and installation
High	Publicity and website	
High	Annual Town Meeting	Arrangements and admin
High	Christmas card competition	Arrangements and admin
High	Emergency Plan	Amendments and circulation
High	Financial Assistance Scheme	Admin and finance
High	New legislative requirements	
High	Policy reviews	On-going
High	Responding to consultations	Variable
High	Contract reviews	On-going
High	Training Strategy	Annual review
Low	Community Forum	Arrangements and admin
High	Any other matters within the Committee's terms of reference	