

Minutes of the Special Meeting of the Swanage Town Council held to discuss **POLICY** matters at the Town Hall, Swanage on **MONDAY, 27<sup>th</sup> JUNE 2011** at 7.00 p.m.

PRESENT:-

Councillor W.S. Trite (Town Mayor) – Chairman

Councillor Mrs C. Bartlett  
Councillor M. Bonfield  
Councillor I. Brown  
Councillor Mrs. G. Marsh  
Councillor Mrs. A. Patrick  
Councillor S. Poultney  
Councillor M. Pratt  
Councillor A. Wiggins  
Councillor M. Whitwam

### **Public Participation Time**

There were no members of the public present at the Meeting.

1. **APOLOGIES**

An apology for her inability to attend the Meeting was received from Councillor Miss Harris.

2. **REVIEW OF THE SYSTEM OF INTERNAL CONTROL**

Pursuant to paragraph 4)2) of the Accounts and Audit (England) Regulations 2011 it was noted that the Town Council has an obligation to conduct a review of its System of Internal Control at least once a year. The System of Internal Control (SIC) is a core part of the Council's governance framework and consists of a set of checks and balances designed to ensure that proper arrangements are made to safeguard the public money and resources in its charge.

Consideration was given to a report summarising the findings of the review, a copy of which is appended to these minutes. Attention was drawn to the conclusion of the Council's internal auditor that no significant control weaknesses had been identified during 2010/11.

It was proposed by Councillor Pratt, seconded by Councillor Mrs Marsh and **RESOLVED UNANIMOUSLY:**

That the findings of the review of the system of internal control be noted and that the Finance and Performance Management Committee continue its important role in the year ahead.

3. **TO APPROVE THE ANNUAL RETURN FOR SUBMISSION TO THE TOWN COUNCIL'S EXTERNAL AUDITOR**

(a) **Part 1 – Accounting Statements**

The Finance Officer presented the Statement of Accounts for 2010/11, together with a Financial Review for the year ended 31<sup>st</sup> March 2011. It was noted that this was the first year of operating under the Accounts and Audit (England) Regulations 2011, under which the Town Council was classified as a smaller relevant body. Consequently, the Town Council's statutory accounting

statements now took the form of Part 1 of the Annual Return. Following due consideration of the Statement of Accounts, it was proposed by Councillor Poultney, seconded by Councillor Pratt, and RESOLVED UNANIMOUSLY:-

That the Statement of Accounts for 2010/11 be formally approved for submission to the external auditor.

The Chairman signed Part 1 of the Annual Return.

Members expressed their thanks to the Finance Officer for her work in completing the Town Council's annual accounts.

(b) **Part 2 – Annual Governance Statement**

Pursuant to paragraph 4)3) of the Accounts and Audit (England) Regulations 2011 and following discussion of the review of the System of Internal Control under item 1) above, consideration was given to the Annual Governance Statement contained in Part 2 of the Annual Return.

It was proposed by Councillor Mrs Marsh, seconded by Councillor Bonfield, and RESOLVED UNANIMOUSLY:-

That the Annual Governance Statement for 2010/11 be formally approved for submission to the external auditor.

The Town Clerk and the Chairman signed Part 2 of the Annual Return.

4. **ANNUAL TREASURY REPORT 2010/11**

Consideration was given to the Annual Treasury Report for 2010/11, which was presented in accordance with the Council's reporting requirements.

It was proposed by Councillor Whitwam, seconded by Councillor Pratt, and RESOLVED UNANIMOUSLY:-

That the Annual Treasury Report be approved and its content noted.

5. **ITEMS OF INFORMATION AND MATTERS FOR FORTHCOMING AGENDAS**

Concern was expressed at anti-social behaviour in the lane at the rear of the Heritage Centre and Playland. It was agreed that the consideration of potential solutions be added to the agenda for the next monthly Council meeting.

Concern was also expressed at the increasing problem of dog fouling in the town and it was agreed that this be added to a future agenda.

The meeting concluded at 7.30 p.m.

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## **Report on the Findings of the Review of the System of Internal Control 2010/11**

Under paragraph 4)2) of the Accounts and Audit (England) Regulations 2011 the Town Council has an obligation to conduct a review of its System of Internal Control at least once a year. The findings of the review must be considered by the Council as a whole prior to the adoption of the Annual Governance Statement, which forms part of the Annual Return.

The System of Internal Control (SIC) is a core part of the Council's governance framework and consists of a set of checks and balances designed to ensure that proper arrangements are made to safeguard the public money and resources in its charge. The SIC is designed to manage risk to a reasonable level, and to prevent and detect fraud and corruption. It is acknowledged that it cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable and not absolute assurance of effectiveness.

Important elements of the Council's SIC include:

- adherence to financial regulations and standing orders;
- adoption of appropriate corporate and financial plans;
- reports from both internal and external auditors;
- arrangements for risk management, including maintenance of a Corporate Risk Register;
- administrative procedures including the segregation of duties so far as is possible in a small organisation;
- the scrutiny of management accounts, annual estimates, budget forecasting and variance reports by both the Full Council and the Finance and Performance Management Committee.

In effect, the Council keeps the system of internal control under constant review, addressing matters raised by the internal and external auditors at the earliest opportunity. In response to recommendations made by the external auditor the following reports were adopted by the Town Council during 2010/11 to strengthen the system of internal control:

- Medium Term Financial Strategy;
- Policy on Reserves and Balances;
- Treasury Management Strategy;
- Corporate Risk Register.

The process of internal audit is key to the review of the SIC. Prior to the annual appointment of an internal auditor the Town Council considers the proposed strategic audit plan. On appointment the internal auditor issues a letter of engagement and the Town Clerk, in his capacity as the Responsible Finance Officer under Section 151 of the Local Government Act 1972, reviews and approves the annual risk based audit plan to ensure that all significant risks are addressed. As a result of the meeting held on 28<sup>th</sup> January 2011 it was agreed that the corporate risk register will be added to the internal auditor's annual audit plan. A review of internal audit was also carried out in line with the review checklist contained in *Governance and Accountability for Local Councils* at the Finance and Performance Management Committee meeting held on 12<sup>th</sup> July 2010.

The internal auditor's interim reports are addressed by appropriate departmental managers as soon as they are completed. Responses are co-ordinated by the Town Clerk and incorporated into the internal auditor's reports to the Finance and Performance Management Committee. This ensures that actions are taken at the earliest possible opportunity. The internal auditor also monitors the implementation of his past recommendations. The following are examples of amendments that have either been made to the SIC as a result of the internal auditor's reports during 2010/11, or are in the process of being

implemented:

- Allotment references included on invoices raised for deposits
- Boat Park attendants to record resident's permit numbers when allowing discount for launching
- Credit notes are to be routinely authorised by the Town Clerk before they are issued
- Agreed recommendations in respect of the Town Market are to be implemented
- Staff post numbers list to be updated
- Town Council has increased the level of fidelity insurance cover.

Although the Town Council will not receive the internal auditor's final annual report for 2010/11 until July, it has been confirmed that the annual internal audit for 2010/11 did not identify any significant control weaknesses for inclusion in the Council's Annual Governance Statement.

In conclusion, the Town Council continues to take measures to improve its System of Internal Control to ensure that public funds are used economically, efficiently and effectively. During 2011/12 the Finance and Performance Management Committee will continue its important work in overseeing the implementation of recommendations from the internal and external auditors, together with improvements identified in the Corporate Risk Register and a review of key Council policy documents, including the Corporate Performance and Asset Management Plans.