

Minutes of the Parrett Policy, Finance and Governance Sub Committee held on Tuesday 19 June 2018 10:30hrs at Bradbury House, 33-34 Market Street, Highbridge.
Chairman: Mr C Passmore

1 **Attendance & Apologies for Absence:** As per register appended. The Chair welcomed Adam Williams from South West Audit Partnership.

2 **Items Additional to the Agenda:** None

3 **Declarations of Interest:** None at this time.

4 **Minutes of the P, F&G meeting held on 23 January 2018:** (appended Enc 1) Having previously been circulated and no comments received, the Minutes were signed by the Chairman as a true and accurate record of the meeting held.

5 **Matters arising:** None.

6 **Audit:** Appended Enc 2. Although the internal audit review was considered as satisfactory, it was noted that some weaknesses require further action to improve or maintain the accuracy of records.

Part B: *The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.* The Audit Report recommended a review of the procurement rules on threshold limits, currently set at £250, to provide greater flexibility to Officers in purchasing items without the need for written quotations. An Approved Supplier List (ASL) was in progress of generation which would also provide flexibility and a more appropriate control framework to the procurement process

Action 1 The Clerk took an Action **to produce a report for the next Policy, Finance & Governance (PFG) meeting of actions taken to address the SWAP Annual Audit findings.**

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Proposed T Bradford, Seconded Cllr I Dyer 'that the Clerk produce a report to address the SWAP annual audit findings.' Vote: unanimous RESOLUTION 1

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Part C: *The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.* Although it was evident that Risks were being captured and reviewed on a regular basis, the Clerk commented that further work was necessary (See AI 10).

Part E: *Expected income was fully received, based on correct process, properly recorded and promptly banked; and VAT was appropriately accounted for.* Income – the Drainage Rating System (DRS) provided a reconciliation process with the accounts system.

Part F: *Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.* The Board did not use Petty Cash, however Government Procurement Cards (GPC) were used and segregation of duty was evident. All VAT receipts needed to be included with GPC statement reconciliations and internal processes to ensure all GPC Purchases were evidenced with accompanying receipts and Transaction Logs was required to be implemented by all Officers, especially Expenditors.

Part G: *Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.* Minor weaknesses were identified with the authorization process for claims, however there was a satisfactory division of duties.

Part H: *Asset and investments registers were complete and accurate and properly maintained.* An asset register and building inventory were held, however regular annual reviews of assets was recommended.

Part I: *Periodic and year-end bank account reconciliations were properly carried out.* Bank statements are to be reviewed regularly to not diminish the value of the control. An independent review was recommended i.e. a Board Member.

Action 2 The Clerk also took an Action **to develop and Audit Plan for consideration at the next PFG meeting to focus on Internal Audit activities for the coming financial Year.**

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7 **Budgets:**
Parrett Balance Sheet & P&L Account Year Ended 31 March 2018: (TOR Refs: 7, 9, 10) Appended at Enclosures 3 and 4.
SMG provided an overview of the explanatory notes, advising that he was satisfied with the

balances as budgeted.

Parrett costs have remained consistent over many years.

Charging to other bodies where significant work has taken place, is reclaimed at periodic intervals, to include an element of overheads for office costs. LEP funding is applied for at 6 month intervals.

Pensions: the pension scheme was in deficit due to the financial climate. Actuaries value and review the scheme tri-annually. Each organisation involved receives an individual employer review and the total deficit is contributed to by all organisations.

Concern was expressed by members for the level of funds held in reserves. SMG advised that the Board is a single function/single risk organisation. The majority of retained funds, see notes to the accounts, is funding secured for schemes within the work programme not yet undertaken.

- 7a** **Review of Annual Governance & Accountability Return 2017/18 Part 3:** Appended Enclosure 5. **Section 1:** Members were satisfied that there was a sound system of internal control, including arrangements for the preparation of the Accounting Statements and recommended that the Parrett Full Board answered 'Yes' to the eight statements of the Annual Governance Statement.
Proposed T Bradford, Seconded J Taylor "that the Parrett Policy, Finance & Governance committee recommends the Full Board answers 'Yes' to the eight Annual Governance Statements and approves the year end accounts at the meeting on 27 June 2018." All in favour RESOLUTION 2 **RES 2**
- 7b** **Section 2:** members were satisfied that the accounting statements within Section 2 were in accordance with the year-end accounts.
Proposed T Bradford, Seconded J Taylor "that the Parrett Policy, Finance & Governance committee recommends the Full Board approve the Accounting Statements at the meeting on 27 June 2018." All in favour RESOLUTION 3 **RES 3**
- 8** **Risk Management: Risk Review (TOR Ref: 28)** The Clerk advised that the Risk Register was a live working document but took an Action to ***conduct a line-by-line review of the Risk Register to ensure coherence with the Risk Strategy and ensure that all Risks captured the clear mitigating Actions and timescales required to allow Risks to be actively managed at a working level and provide update at the next PFG meeting.*** **RGB**
- 9** **Date of next meeting:** Parrett Full Board 27 June 2018, 14.15 hrs.
Date of next PFG to be confirmed based on Reconstitution progress
- AOB** **Reconstitution** The Clerk advised that the Orders are due to be signed week commencing 2 July 2018. The Orders come into force the day after signing. Emergent meetings for both Boards will be required shortly thereafter.
Congratulations were expressed to T Bradford and officers on their efforts with reconstitution. Joint Task & Finish Group meeting to be held on 28 June to discuss concerns previously expressed to enable a smooth transition.
- Staffing** members were advised that S Gee has submitted his resignation, to take effect from 31 August 2018. Members expressed their gratitude and best wishes for his retirement.

There being no other business the Chairman thanked members and officers for their attendance.
The meeting was closed at 15.40hrs

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CHAIRMAN

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