

RAUNDS TOWN COUNCIL

FINANCE COMMITTEE

Minutes: 18 February 2016: Start Time 7.30pm

PRESENT

Cllr R Levell (Chairman), Cllr L Wilkes, Cllr B Tyman.

IN ATTENDANCE

Ms Kate Houlihan, Town Clerk (Minutes)

577.15 To Receive Apologies For Absence.

Apologies were received from Cllr L Jones, Cllr H Howell, Cllr R Levell.

RESOLVED to note the apologies

578.15 Notification of requests from members of the public to address the meeting in compliance with adopted protocol.

None received

579.15 Notification of members questions in compliance with the council's standing orders.

None received

580.15 Declarations of Interest.

COUNCILLORS ARE REMINDED THAT IF THEY HAVE EITHER A DISCLOSABLE PECUNIARY INTEREST OR OTHER INTEREST IN ANY ITEM THEN THEY SHOULD DECLARE THE INTEREST AND LEAVE THE MEETING FOR THAT ITEM

None received

581.15 Minutes: confirm the minutes of the Finance Committee meeting held 3 December 2015

RESOLVED that the minutes of the Finance Committee meeting held 3 December 2015 be confirmed as a true record.

582.15 Public Sector Deposit Fund (PSDF): To consider investment in the public sector deposit fund.

Commented [C1]: We agreed to do this at the last council meeting.

This item was deferred so that a representative of the PSDF could attend to present the fund to members.

583.15 The Future of External Audit – To make a recommendation to the Full Council regarding the procurement of External Audit from 2017/18 following the abolition of the audit commission.

Commented [C2]: I have papers on this essentially NALC (national association of local councils) have set up a procurement body, which we are automatically opted in to. If we opt out we have to procure and task our own external auditor.

Members considered the report of the clerk as shown in Appendix 1. In consideration of the report members felt that the current system of external audit did not add value to the council's operations.

Members considered that appointing the councils own external auditor would enable the council to have greater input into the audit plan and therefore increase the benefit of the audit to the council.

It was also felt that it was highly unlikely that Raunds Town Council would not be able to opt back into the sector led body arrangements at a later date if the council were unsuccessful in appointing their own auditor.

Following discussion it was...

RESOLVED to recommend to the Full Council that Raunds Town Council opt out of the sector led body arrangements and seek to appoint their own external auditor.

584.15 Bank Reconciliations - To approve the bank reconciliations for October, November and December.

Members reviewed the bank reconciliations and it was...

RESOLVED to approve the reconciliations for October, November and December.

585.15 To Review The Councils Budget For 2015/16 And Progress Year Date.

Members reviewed the progress against budget for the year to date and the following items were raised:

- a) No invoice has been received from East Northamptonshire Council for the elections that took place in May.
- b) That the events working party should be encouraged to make recommendations to use the under spend on Christmas lights to purchase stock that will enhance the display in future years.

Following discussion it was...

RESOLVED to

- a) **Recommend to the Full Council that £750 be vired from councillor's expenses to the Mayors allowance.**
- b) **That the underspend from the events budget for 2015-16 be carried over and allocated to events in 2016-17 particularly in view of the queens 90th birthday.**

586.15 *The press and public will be excluded from the following Agenda item due to the confidential nature of the business under the Public Bodies (Admission to Meetings) Act 1960*

587.15 To Receive a report an Aged Debtors

Members reviewed the aged debtors report

RESOLVED to note the report

There being no further business the meeting concluded at 8.30pm

Approved: (Town Mayor)

Meeting date:8 March 2016..... (Council)

Confirmed: (Chairman)

Meeting date:5 May 2016..... (Committee)

Appendix 1:

Summary:	
<ul style="list-style-type: none"> • A report on the future of external audit for local councils. 	
Attachments:	
Letter from Smaller Authorities Board.	
Frequently asked questions prepared by the Northamptonshire Association of Local Councils	
1.0	<p>Introduction</p> <p>Every parish and town council is subject to two audits each year, the internal audit and the external audit. This matter relates to external audit only (i.e. internal audit is unchanged).</p> <p>The external audit of parish and town councils was carried out by the Audit Commission. In Northamptonshire the actual audit work was done by BDO (an audit, accounting and business services firm) acting as an agent for the Audit Commission.</p>
2.0	<p>Abolition of the Audit Commission</p> <p>Legislation to abolish the Audit Commission was included in the Local Audit and Accountability Act 2014, and the Commission was formally closed on 31 March 2015.</p> <p>However, the contracts for parish and town council external audit carry through to the completion of the audit work for the year ending 31 March 2017. So all parish and town councils in Northamptonshire will still complete an Annual Return and send it off to BDO two more times, i.e. for the year ending 31 March 2016 and for the year ending 31 March 2017.</p>
3.0	<p>Smaller Authorities' Audit Appointments</p> <p>From 1 April 2017 – 31 March 2018 and beyond All parish and town councils will still need to have an external auditor and the legislation place the onus on each council to appoint (procure) their own. The National Association of Local Councils (NALC), the Society of Local Council Clerks (SLCC) and the Association of Drainage Authorities have formed a Sector Led Body (SLB) to procure external audit for parish and town councils (and drainage authorities).</p> <p>The SLB, which is called Smaller Authorities' Audit Appointments Ltd, will effectively carry out the function of the Audit Commission related to external audit for parish and town councils. It will procure external auditors (probably the likes of BDO, Grant Thornton, Mazzars etc.) and oversee external audit arrangements.</p> <p>A parish or town council therefore has two options: 1) procure its own external auditor or 2) have an external auditor appointed to it via the SLB.</p>

The default position (in law) is that **all parish and town councils are opted in to the SLB arrangement** unless they specifically choose to opt out.

4.0 Fees

The exact cost of external audit through the SLB is not yet known. the SLB can't go out to tender until it knows how many parish and town councils will opt out, but until it goes out to tender it won't know what the cost of external audit will be! The SLB is therefore asking parish and town councils to make that decision without knowing the exact cost.

As a guide, the cost of external audit for the year ending 31 March 2015 charged by BDO was:

Income/expenditure band (£) (basic fee applies on whichever is the higher)	Type of audit	Basic charged fee (£)
0 – 10,000	Basic	Nil
10,001 – 25,000	Basic	100
25,001 – 50,000	Basic	200
50,001 – 100,000	Basic	300
100,001 – 200,000	Basic	400
200,001 – 300,000	Intermediate	600
300,001 – 400,000	Intermediate	800
400,001 – 500,000	Intermediate	1,000
500,001 – 750,000	Intermediate	1,300
750,001 – 1,000,000	Intermediate	1,600
1,000,001 – 2,000,000	Intermediate	2,000

The SLB intends that for authorities with an annual turnover above £25,000. A letter is attached from the chairman of the SLB, which includes for information details of the new company's three independent directors

5.0 Recommendation

That Raunds Town Council resolves to remain opted in to the sector led body.