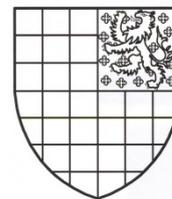


Town Hall
High Street
Lewes
East Sussex
BN7 2QS

☎ 01273 471469 Fax: 01273 480919

✉ info@lewes-tc.gov.uk
www.lewes-tc.gov.uk



**LEWES
TOWN
COUNCIL**

To All Members of Lewes Town Council

A Meeting of **Lewes Town Council** will be held on **Thursday 18th June 2015**,
in the **Council Chamber, Town Hall, Lewes** at **7:30 pm** which you are summoned to attend.

S Brigden, Town Clerk
10th June 2015

AGENDA

1. QUESTION TIME

To consider any questions received regarding items on the agenda for this meeting.

2. MEMBERS' DECLARATIONS OF INTERESTS

To note any declarations of personal or prejudicial interest in items to be considered at this meeting.

3. APOLOGIES FOR ABSENCE

To consider apologies tendered by Members unable to attend the meeting.

4. MAYOR'S ANNOUNCEMENTS

To receive any announcements from the Mayor.

5. MINUTES

To agree Minutes of the Council's meeting held on 21st May 2015.

(attached **page 5**)

6. COUNCILLORS INDIVIDUAL DUTIES

To consider changes to allotted duties for individual Members

(report FC005/2015 attached **page 7**)

7. WORKING PARTIES & OUTSIDE BODIES

To consider matters arising from working parties; members serving on outside bodies *etc.*

a) *Grants Panel recommendations 27th May 2015*

(report FC001/2015 attached **page 10**)

b) *Liaison meeting Friends of Lewes 2nd June 2015*

(notes attached **page 12**)

c) *Neighbourhood Plan Steering Group 'Visioning Event' 4th June 2015*

(oral report by Cllr S Murray)

d) *Lewes & Seaford Citizens Advice Bureau*

(oral report by Cllr Catlin)

8. INTERNAL AUDITOR'S REPORT

To receive the Internal Auditor's final report *inro* year ended 31st March 2015

(attached **page 15**)

9. ANNUAL RETURN & ACCOUNTS Year ended 31st March 2015

To consider annual accounts and associated information

(report FC002/2015 attached **page 45**)

10. CORPORATE RISK ASSESSMENT 2014/15

To consider the annual risk assessment

(report FC003/2015 attached **page 66**)

11. RETENTION of INTERNAL AUDITOR

To consider retention of the Internal Auditor for 2014/15

(report FC004/2015 attached **page 70**)

12. UK LIVING WAGE

To establish a remit for accommodation of the UK Living Wage

(NOM008/2015 attached **page 3**)

13. ENVIRONMENTAL PERFORMANCE OF COUNCIL PROPERTIES

To consider proposals regarding energy efficiency/generation

(NOM009/2015 attached **page 3**)

14. TOWN HALL FIRE ALARM SYSTEM

To consider proposals regarding the Town Hall fire alarm system

(report FC006/2015 attached **page 71**)

15. UPDATE ON MATTERS IN PROGRESS

(Oral report by Town Clerk)

16. NOTICE of ITEMS IN PROSPECT

(Oral report by Town Clerk)

For further information about items on this agenda please contact the Town Clerk at the above address

This agenda and supporting papers can be downloaded from www.lewes-tc.gov.uk

PUBLIC ATTENDANCE: Members of the public have the right, and are welcome, to attend meetings of the Council – questions regarding items on this agenda may be heard at the start of each meeting with the Chairman's consent, subject to time available. Questions or requests to address the Council should, whenever possible, be submitted in writing to the Town Clerk at least 24 hours in advance. General questions can be raised at our offices between 9am-5pm Mons- Thurs 9am- 4pm on Fridays – when our staff will be pleased to assist.

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NOTICE OF MOTIONS PROPOSED

Notice has been received, as described below, of motions which are proposed for consideration by Council at its meeting on Thursday 18th June 2015

NOM 008/2015 – received from Cllr Addecott on 8th June 2015, in the following terms:

It is proposed that:

Further to the resolution (FC2014/121.1) of Council on 9th April 2015

- 1 The Personnel Panel is asked to consider:
 - a) the most effective way to enable payment of at least the Living Wage (as set annually by the Living Wage Foundation) to all Town Council staff,
 - b) to ensure that Contractors engaged by the Town Council who are paid over a set amount (to be recommended) confirm that they pay all their employees at least the Living Wage
 - c) to ensure that all organisations receiving grants from the Town Council pay their employees at least the Living Wage

- 2 Lewes Town Council resolves to support the Lewes Living Wage campaign in its work to raise awareness of the issues through the wider business community

Supporting Information:

The UK Living Wage for outside of London is currently £7.85 per hour. It is set by the Living Wage Foundation and the calculation is based on the Minimum Income Standard for the United Kingdom, the product of research by Centre for Research in Social Policy at Loughborough University, funded by the Joseph Rowntree Foundation. The research looks in detail at what households need in order to have a minimum acceptable standard of living. Decisions about what to include in this standard are made by groups comprising members of the public.

The uprating of the Living Wage figure each year takes account of rises in living costs and any changes in what people define as a ‘minimum’.

Cllr F Addecott
8th June 2015

NOM 009/2015 – received from Cllr Watts on 8th June 2015, in the following terms:

It is proposed that:

An Environment Working Party be established to:

1. Assess the energy efficiency of Town Council properties and make recommendations for improvements, if any, and;
2. Establish the feasibility of installing energy-generating systems on/in any Council properties

Supporting Information:

It is desirable that the Town Council has the most environmentally friendly properties possible and generates as much of its own energy as is possible. It is possible that the buildings are energy efficient but likely that improvements could still be made. It is also possible that some properties are suitable for energy-generating systems such as solar PV or solar thermal.

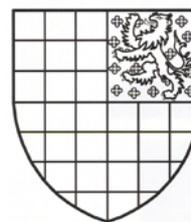
Cllr E Watts
8th June 2015

Town Hall
High Street
Lewes
East Sussex
BN7 2QS

☎ 01273 471469 Fax: 01273 480919

✉ info@lewes-tc.gov.uk

🌐 www.lewes-tc.gov.uk



**LEWES
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MINUTES

Of the **41st ANNUAL MEETING of Lewes Town Council**,
held on **Thursday 21st May 2015**, in the **Council Chamber, Town Hall, Lewes at 7:00pm**.

PRESENT Councillors F Addecott; A Ashby; A Barker; Dr A Bolt; R Burrows; S Catlin (Wischhusen); M Chartier; D Cooper; I Makepeace; Dr G Mayhew; M Milner; R Murray; S Murray; O’Keeffe; E Watts.

Also present: Dr M Turner (*Mayor 2014/15*) although not re-elected as a Member of the Council.

In attendance: S Brigden (*Town Clerk*); Mrs F Garth (*Civic Officer & Asst Town Clerk*); L Symons (*Macebearer*); Canon R Moatt (*Council Chaplain*).

There were 89 guests and civic dignitaries assembled.

The meeting opened with Cllr Dr Turner in the Chair as outgoing Mayor, although not returned as a Member of the Council in recent elections (*in accordance with s15 Local Government Act 1972*), and was preceded by a short address by Canon Moatt on the principles of public service.

FC2015/01 ELECTION OF MAYOR: Cllr Susan Murray was elected as Mayor for the 2015/16 municipal year.

FC2015/02 MAYOR'S DECLARATION OF ACCEPTANCE OF OFFICE: Cllr Murray made her declaration of acceptance of the office of Mayor before Council and assembled guests, and signed a deed to that effect.

Cllr Murray took the chair for the remainder of the meeting

Cllr Murray addressed the assembly, thanking her colleagues for the honour of the Mayoralty. She described her outlook for the Mayoral year, and announced that the organizations she had chosen to support would be the Lewes Children’s Book Group and Transition Town Lewes. She introduced her Consort, her husband Cllr Roger Murray, who would support her during the forthcoming year. She also introduced Mr John Agard, a playwright; poet; and children’s writer, and recipient (in 2012) of the Queen’s Gold Medal for poetry, who had kindly agreed to act as Mayor’s Poet during her year in the role. Mr Agard then entertained the assembly with two of his works; receiving a round of applause.

FC2015/03 APOLOGIES FOR ABSENCE: Apologies had been received from Cllrs W Elliott and J Lamb, who were on holiday, and Cllr A Rowell who was unwell.

FC2015/04 ELECTION OF DEPUTY MAYOR: Cllr I Makepeace was elected as Deputy Mayor for the 2015/16 municipal year.

FC2015/05 DEPUTY MAYOR'S DECLARATION OF ACCEPTANCE OF OFFICE: Cllr Makepeace made her declaration of acceptance of the office of Deputy Mayor before Council and assembled guests, and signed a deed to that effect. She offered a short speech of thanks for the honour, and introduced her partner, Mr John Somerville, who would support in the role of Deputy Mayor’s Consort.

FC2015/06 VOTE OF THANKS: Cllr Chartier proposed the motion (NM001/15) :

“That this Council records its thanks to Dr Micheal Turner, and appreciation for his service to the council and community of Lewes in the office of Mayor during the past

Continues...

year.”

He went on to describe Dr Turner’s term as Mayor, and highlighted functions and events he had attended and his work throughout the year to raise money for his chosen charities – always closely supported by his Mayoress; Mrs Anne Turner.

It was **resolved FC2015/06.1** accordingly.

Dr Turner replied at length, describing his own view of the past year and adding thanks to all those individuals who had helped throughout his service as Mayor.

FC2015/07 PRESENTATIONS: Dr and Mrs Turner were presented with gifts in recognition of their service in the past year. Dr Turner then presented a gift to Canon Moatt, for his invaluable work as Chaplain and his pastoral care within the organization. He called forward representatives of his chosen charities: Lewes & Seaford Citizens’ Advice Bureaux, and Parkinson’s UK, to receive cheques for the money raised on their behalf during his year as Mayor.

Cllr Murray then declared that the traditional, ceremonial, element of the meeting was concluded; and the meeting moved on to deal with items of ordinary business.

FC2015/08 MINUTES: the minutes of the meeting held on 9th April 2015 were received and signed as an accurate record.

FC2015/09 ATTENDANCE RECORD OF COUNCILLORS:
The attendance record of councillors for the previous municipal year was noted. (*copy in minute book*)

FC2015/10 INDIVIDUAL RESPONSIBILITIES of COUNCILLORS 2015/16:
A motion (NM002/15) was proposed, and it was **resolved that:**
FC2015/10.1 The individual responsibilities of Members for the ensuing municipal year shall be as shown in the list (*copy in minute book*) attached to the agenda for the meeting of Council on 21st May 2015.

FC2015/11 APPOINTMENTS OF REPRESENTATIVES TO OUTSIDE BODIES:
A motion (NM003/15) was proposed, and it was **resolved that:**
FC2015/11.1 The Council’s representatives on outside bodies, for the ensuing municipal year, shall be as shown in the list (*copy in minute book*) attached to the agenda for the meeting of Council on 21st May 2015.

FC2015/12 BANK SIGNATURE AUTHORITY:
A motion (NM004/15) was proposed, and it was **resolved that:**
FC2015/12.1 The Council approves the authorization of Councillors as signatories to the Council’s bank account: as shown in the list (*copy in minute book*) attached to the agenda for the meeting of Council on 21st May 2015.

FC2015/13 COUNCIL MEMBERSHIP OF NATIONAL AND LOCAL ASSOCIATIONS:
A motion (NM005/15) was proposed, and it was **resolved that:**
FC2015/13.1 The Town Clerk be asked to ensure the Council’s continued membership of approved national and local organizations representing Parish and Town Councils.

FC2015/14 QUALIFICATION for GENERAL POWER OF COMPETENCE:
A motion (NM006/15) was proposed, supported by a briefing note (*copy in minute book*), and it was **resolved that:**
FC2015/14.1 Lewes Town Council declares that it meets the conditions, prescribed in Article 2 paragraph 2 of The Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 (SI2012/965), and hereby resolves to adopt the

General Power of Competence as provided in the Localism Act 2011 ss1-8. This declaration has effect until the Council's Annual Meeting 2019.

FC2015/15

STATUTORY DISPENSATION *iro* DISCLOSABLE INTERESTS:

A motion (NM007/15) was proposed, and it was **resolved that:**

FC2015/15.1 Lewes Town Council Members are considered to have Disclosable Pecuniary Interests which would be affected by the setting of the Council Tax Precept – specifically: beneficial interests in land within the area of the Council. Having regard to the provisions contained in s33 of the Localism Act 2011 and all relevant circumstances the Council hereby resolves to grant all Members a dispensation from the restrictions imposed by s 31 (4) of that Act on participation and voting on this matter, as without such dispensation the transaction of Council business would be impeded; the matter is in the interests of persons living in the Council's area, and the interest is common to a significant proportion of the general public within the Council's area. This dispensation has effect until the Council's Annual Meeting 2019.

FC2015/16

SOUTH DOWNS NATIONAL PARK AUTHORITY MEMBERSHIP BALLOT

A briefing paper was considered, regarding appointment of parish members to seats on the South Downs National Park Authority (SDNPA). This matter was handled by the Sussex & Surrey Associations of Local Councils (SSALC) on behalf of the government's Department for Environment, Food, and Rural Affairs (DEFRA) and the deadline for nomination of candidates was 15th June 2015. It was considered likely that the two available seats for East Sussex parishes would be contested, as the inaugural election in 2010 had been closely-fought between candidates from several of the parishes within the Park. Under the prevailing rules of appointment some Members were not eligible for nomination as they also served on Lewes District Council, which has rights of appointment to the SDNPA. These were: Cllrs Catlin; Chartier; Cooper; Murray (S); O'Keeffe; and Rowell. After consideration it was **resolved that:**

FC2015/16.1 Cllr Annabella Ashby be nominated as a candidate for election to a seat on the South Downs National Park Authority, representing East Sussex parishes.

There being no further business the Mayor closed the meeting and invited all present to join her in attending the Civic Reception in the Assembly Room.

The meeting ended at 7:55pm

Signed:

Date:

Agenda Item No: 6 **Report No:** FC005/2015
Report Title: Review of Councillors individual duties
Report To: Full Council **Date:** 18th June 2015
Report By: S Brigden, Town Clerk

Purpose of Report: To advise changes to allotted individual duties, requested by Members.

Recommendation(s):

- 1 That the changes to allotment of Members individual duties appended to this report be approved for the remainder of the 2015/16 municipal year.
-

Information:

Duties were allocated to individual Members at the Annual Meeting on 21st May 2015. There had been only a short period since election of the new administration in which newly-elected councilors could assess their position. Since these appointments were made, some Members have requested seats on working groups, and one has identified a conflict with other responsibilities.

These alterations, the effects of which are shown on the attached tables, are:

Planning Committee – Cllr Ashby requests a seat.

Personnel Panel – Cllrs Ashby and Bolt request seats

Buildings repair Working party – Cllr Rowell requests a seat

Appointment to Outside Body – Lewes Conservation Area Advisory Group

Cllr Watts resigns from this duty.

Cllr Ashby is prepared to accept appointment.

S Brigden
5th June 2015

MEMBERSHIP OF OUTSIDE BODIES 2015/2016
Council 21st May 2015, resolution FC2015 11.1 refers



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Lewes District Association of Local Councils	Cllr S Murray
East Sussex Association of Local Councils	Cllr S Murray
Citizens Advice Bureau	Cllr Catlin (S Wischhusen)
Railway Land Wildlife Trust (2)	Cllr R Burrows Cllr S Murray
Landport Bottom Management Committee (4)	1 Cllr A Barker 2 Cllr W Elliott 3 Cllr I Makepeace 4 Cllr S Murray
Lewes Town Partnership	Cllr Catlin (S Wischhusen)
Lewes – Uckfield Line Parishes group	Cllr Catlin (S Wischhusen)
Lewes Priory Trust	Cllr E Watts
Stanley Turner Advisory Committee	Cllr R Burrows
Lewes Conservation Area Advisory Group	Cllr E Watts* Cllr A Ashby*

*Revisions proposed June 2015

Agenda Item No: 7a)

Report No: FC001/2015

Report Title: Grants panel recommendations – 27th May 2015

Report To: Full Council

Date: 18th June 2015

Report By: S Brigden, Town Clerk

Purpose of Report: To recommend payment of grants as suggested by the Grants Panel, following its meeting on 27th May 2015 (the first of four cycles for 2015/16)

Recommendation(s):

- 1 That the grant payments recommended in this report (as shown in column **G** of the appended table) be approved.

Information:

1 The Grants Panel met on 27th May 2015. 14 applications were considered, with requests for support in the sum total of £14,605.

2 Assessing applications were: Cllrs Burrows; Cooper; Murray (S); O’Keeffe, and Watts.

3 Using the system approved by Council, each panellist evaluated applications on their merits in five categories:

- 1 Closeness of match to Lewes Town Council’s grant scheme policy
- 2 Overall “robustness” of the proposal – general likelihood of success/sustainability
- 3 Financial planning exhibited - adequacy/prudence/appropriateness *etc.*
- 4 Scope and sustainability of the proposal – beneficiaries; scale; thoroughness
- 5 A personal (subjective) assessment, based on any special insight or considerations.

Where recommended awards are below the amount requested by the applicant, the details of the proposal were carefully scrutinized as to the appropriateness of the sum requested in relation to the overall scheme or project budget, and alignment with the Council’s published aims. Also considered were factors such as the balance or proportion of Council funding compared with other sources and the applicant’s own funds, and other detail elements.

4 **The recommended grant awards for this cycle are shown at column G, below.**

Salient points, considered by panellists during their deliberation and influencing their final recommendations (noted/highlighted in column H below, where appropriate), fall into the areas of:

- ⊕ No other funding sought.
- ⊕ Sum requested disproportionate to own assets or contribution to scheme or project.
- ⊕ Sum requested from parish disproportionate to total cost of scheme or project.
- ⊕ Project or scheme mis-matched with parish council powers or LTC’s scheme policy.
- ⊕ Sum recommended is considered to be an appropriate/proportionate parish contribution.

S Brigden

28th May 2015

NOTES OF MEETING

<i>Between</i>	LEWES TOWN COUNCIL (LTC) and FRIENDS of LEWES (FoL)		
<i>Reason for meeting</i>	Regular liaison meeting between organizations		
<i>Venue</i>	Yarrow Room, Town Hall		
<i>Date</i>	11:00am Tuesday 2 nd June 2015		
<i>Attending</i>	Robert Cheesman	FoL (Chairman of FoL)	
	Roger Beasley	FoL	
	Marcus Taylor	FoL	
	Mike Stepney	FoL	
	Janet Webster	FoL	
	Cllr F Addecott	LTC (Lead for Communications)	
	Cllr Catlin	LTC	
	Cllr I Makepeace	LTC (Deputy Mayor 2015/16)	
	Steve Brigden	LTC (Town Clerk)	
	Brian Courage	LTC (Town Ranger)	
NOTES:			
1.	Mr Cheesman gave newly-elected Councillors a short history of The Friends and background to the current organization and its activities		
2.	Notes of the meeting held on 26 th September 2014 were agreed.		
3.	<p>Interpretive plaques for local buildings</p> <p>The Friends would provide a list of proposed locations and text for a further batch of plaques, prioritized in case available funds were inadequate to cover them all. This would be presented to Council for approval (<i>appended</i>).</p>		
4.	<p>White Lion</p> <p>The original figurine was now mounted in a display niche above the bar in the Corn Exchange. This had been very well-received by visitors.</p>		
5.	<p>Land adjoining Castle Ditch Lane (“the Magic Circle”)</p> <p>FoL continued to pursue the details of public right-of-way across the site. The subject had been broached with East Sussex County Council (ESCC) and a provisional agreement was awaited.</p>		
6.	<p>Other projects/areas of mutual interest</p> <p><i>Overhead electricity cables:</i> The FoL held a sum of money, bequeathed to address the issue of unsightly overhead cables. This was a modest amount, but agreement had been reached with the South Downs National Park Authority that a pilot scheme could be conducted, and SDNPA had indicated that a suitable scheme might focus on the installation serving Albion Street. This was being researched by FoL</p> <p><i>Trees:</i> As previously reported; FoL had received a legacy for planting trees in Lewes. They had established a committee involving experts from outside the organization, and sought landowners/homeowners who would be prepared to accept a tree planted on their land/in their garden. An additional survey exercise had been carried out with Plumpton College and processing of the data collected was underway. Agreements had been reached: with the developer of the redundant Magistrates Court to protect existing trees during works; and with the District Tree & Landscape Officer regarding selection of species for the new development.</p> <p><i>Southdowns Road development proposals:</i> FoL had registered no objection to the housing element of this proposal, but considered that a commercial use was desirable for part of the</p>		

	<p>development</p> <p><i>Site of former St Anne's school:</i> FoL had been consulted for their views on demolition of the existing building but reserved judgement pending alternative proposals.</p> <p><i>Public WC's:</i> FoL had noted indications, in recent publicity by Lewes District Council (LDC), that public WC's were no longer supported. The Friends' view was that these facilities were still important given the profile of the town as a tourist destination.</p> <p><i>Tourist Information Centre (TIC):</i> there was some discussion regarding the perception that LDC may relocate the TIC from 187 High Street. This was linked to the recently-published plans for redevelopment of LDC properties and the physical connection of the TIC to No2 Fisher Street; the office building immediately behind and above it that was surplus to LDC's operating requirements. LDC's intentions were not made public at this time.</p>
7.	<p>Neighbourhood Plan:</p> <p>The Steering Group was about to hold a Visioning event, on the evening of 4th June, facilitated by the consultants (Feria Urbanism) commissioned by the Council. This would involve invited representatives of community groups (FoL planned to attend) in a series of thought-provoking exercises intended to elicit a clear picture of the good/bad/ugly aspects of the town and life within it. This was described as "Speed-Planning" and would inform a series of more in-depth workshop events scheduled for 30th June and 1st and 2nd July. The wider public would be invited to these sessions and encouraged to visit even if only for a part of the three day series.</p>
8.	<p>Devolution of assets and services by Lewes District Council:</p> <p>LTC Members updated the FoL representatives on progress on these discussions, and noted that transfer of Malling Recreation Ground and LDC's 50% holding in Landport Bottom was nearing conclusion.</p>
9.	<p>There followed a brief general discussion arising from several areas:</p> <p>The background to the Chamber of Commerce's town-centre Christmas lighting was discussed, and it was considered that discussion between the organizations should be proposed in the next two months.</p> <p>FoL would again be organizing/promoting the Heritage Open Day programme between 10th and 13th September 2015.</p> <p>There was general exchange of information known on issues such as LDC's proposals for development of non-operational assets; Westgate Chapel plans, and anticipated works to extend Friends Meeting House.</p>
	<i>Meeting ended 12:30pm</i>

Heritage Plaques proposed by Friends of Lewes – June 2015

The County Theatre.

An amateur dramatic society called the Lewes Players performed in St Michael's church hall (formerly known as The County Theatre) in Watergate Lane from 1929 until its compulsory purchase by East Sussex County Council in 1936 for an extension to Pelham House.

Miller's, St Anne's Hill, 134 High Street

Sisters Caroline Byng Lucas, (1886-1967) & Frances Byng-Stamper, (1882-1968), converted this building from stables to an Arts Centre and founded Miller's Press here in 1945. They began the appeal to restore the ruins of Lewes Priory.

12 Keere Street

Eve Garnett, (1900-1991), author and artist, lived here. She wrote "The Family from One End Street", thought to be based in Lewes, which won the Carnegie Medal for best children's book in 1938. Her painting "Lewes Gasworks from South Street" is in the Barbican Museum.

Brack Mount House

Alice Dudeney (1864 – 1945) lived here from 1921. She wrote 40 novels, many set in Sussex, and diaries of her everyday life from 1916-1944. In 1937 she bought Brack Mount and sold it to Sussex Archaeological Society at cost price to prevent development of this ancient monument.

Bell Lane Recreation ground.

This grassy area, through which the Greenwich Meridian runs, was created in the 1930s as a permanent playground for the children of Southover through the gift of this land by Mrs Aubrey Hillman of Saxonbury, on Juggs Lane.

Lewes Town Council

Internal Audit

Year Ended 31st March 2015



Prepared by: Mulberry & Co
Date of Interim Visit: 29th October 2014
Date of Final Visit: 29th May 2015

Law and Regulation Regarding Internal audit

Regulation 6 of the Accounts and Audit (England) Regulations 2011 imposes a duty on local councils to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Internal audit is a key component of the system of internal control.

The purpose of internal audit is to review and report to the council whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit's role is to assist the council in fulfilling its responsibility to have and maintain proper internal control arrangements and those for the prevention and detection of fraud, error or mistakes

All internal audit work must be reported to the council. Any report by internal audit is addressed to the council, may recommend actions to be taken by the council, and should be treated as a document open to view by local taxpayers.

Two pieces of legislation set out how local councils should behave when accounting for the public funds they manage and what rights local taxpayers have in relation to those accounts. These are the **Audit Commission Act 1998** and the **Accounts and Audit Regulations issued from time to time under the Act**. The requirement for local councils to prepare accounts annually and to subject them to external audit comes from the Audit Commission Act 1998 (the Act). The Act describes the rights of taxpayers and other interested parties in relation to those accounts.

Under the regulations, all local councils must at least once a year conduct in accordance with proper practices a review of the effectiveness of their system of internal control and publicly report the outcome. The Annual Governance Statement in Section 2 of the annual return provides the means for local councils to report to local taxpayers on their system of internal control.

This report is prepared for the council and proper officers of the council named above, for use in fulfilling their obligations under the Audit Commission Act 1998 and the Accounts and Audit Regulations issued from time to time under the Act for preparing the Annual Return and reviewing the effectiveness of their system of internal controls. Mulberry and Co accept no responsibility for any action or inaction taken as a result of the findings of this report and accept no responsibility to any other party other than those named above.

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Summary Findings

I enclose my final report for your kind attention and presentation to the council. I am pleased to report that overall the systems and procedures you have in place are entirely fit for purpose and I would go so far as to say are a model of good practice; I therefore make no recommendation for change at this stage. I would like to extend my thanks to Steve and Vivienne for their kind assistance this year and am pleased to see their high standard of work continues

My audit was conducted in accordance with current practices and guidelines and testing was conducted in line with the inherent risks assessment. Whilst I have not tested all transactions, my sample has where appropriate has covered the entire year to date. Amongst others the following areas were covered in my testing:-

- Review of the Financial Regulations & Standing orders
- Review of the Risk Assessments
- Review of the Budgeting process
- Proper Bookkeeping – review of the use of the Sage package.
- Review of Income
- Review of Salaries
- Review of Fixed Assets
- Review of Annual Accounts
- Review of Trust information

A. BOOKS OF ACCOUNT

The brought forward balances were tested against last year's annual return and there were no errors. Accounting entries are entered regularly onto the Sage accounting system, and accounts are reconciled monthly, with hard copies printed off for the file. I was pleased to note that there is good documentary evidence to show that these are reviewed internally. The system is tried and tested and entirely fit for purpose for a council of this size. I make no recommendation for change at this stage.

B. FINANCIAL REGULATIONS

The Financial Regulations and Standing Orders were on site and to hand, the clerk is very experienced and aware of the regulations and I can confirm these are regularly reviewed and updated with appropriate minute references to confirm council agreement. I make no recommendation to change in your Financial regulations or Standing Orders at this time.

We chose at random items to test from the financial regulations and we are pleased to confirm that there were no errors or omissions and that council is following these. I would ask that council ensure these are reviewed again before the end of the council year.

Payment procedures, including invoice authorisation, purchase order matching and cheque signing are satisfactory; and in accordance with financial regulations, this is a robust system that allows for the monitoring of expenditure through all stages and for advanced cashflow planning and I make no recommendation to change.

C. RISK MANAGEMENT & INSURANCE

A Regular review of risks is carried out and I am satisfied that all appropriate risks are accounted for and documented properly. I was pleased to see the council has a good system of risk assessment and documentation. In addition to this, the council has good segregation of duties that lends itself to a reduction in the inherent risk of errors or misstatements within the financial accounts.

D. BUDGET & PRECEPT

The budget is drawn up in the correct and proper manner and regular reviews of income and expenditure against budget are carried out and reported to committee. The budgets are drawn up, monitored and managed in accordance with financial regulations and I make no recommendation to change this process. The council has an excellent system of recording and the monitoring of budgets and reserves.

E. INCOME

Income was tested to documentary evidence; it is banked properly and recorded correctly on the annual return.

F. PETTY CASH

Petty cash was tested against receipts – and was reconcilable.

G. PAYROLL

Payroll calculations were checked and paye and national insurance deductions were tested – there were no errors. Councillors are paid allowances. Expenses were properly approved and minuted.

H. ASSETS AND INVESTMENTS

The asset registers are up to date and properly maintained.

I. BANK RECONCILIATIONS

The bank reconciliations for all accounts are properly prepared and presented to council and committee for verification and approval. The year-end reconciliation was correct with no errors. The system of reconciliation is working correctly.

J. YEAR END ACCOUNTS

Accounts were prepared on the income and expenditure basis. Debtors and creditors are properly shown and agreed to documentary evidence. Boxes 7 & 8 on the annual return are reconcilable. The variance analysis report showed reasons for the changes from the prior year.

K. TRUSTEESHIP

The council undertakes its responsibilities as trustee correctly. Accounts and returns with the Charities Commission are up to date.

Mark Mulberry
Internal Auditor
29th May 2015.

Points Forward – Action Plan

Point Forward / Action needed	Auditor notes	Council response
Other		
None		

Overview of Council

	Work Task	Schedule Ref	Notes/Results
Terms of Engagement			
1	Review terms of engagement letter and confirm appropriate to this year		New engagement letter issued Engagement letter is kept on the correspondence file.
2	Confirm that the professional independence and competence questionnaire has been completed and agreed with the client	1.2	Yes – confirmed and attached
3	Complete Budget	1.3	Completed & Agreed with Client
4	Complete Timetable	1.4	Completed & Agreed with Client
Planning Notes – Understanding the Town & Parish Council			
	Number of electors and size of precept		12,764 (2013/14: 12,764) Precept £750k + Grant £74k (2013/14: Precept £693k + Grant £89k)
	Key personnel		Clerk & RFO Steve Brigden Assistant Clerk Fiona Garth Finance Officer Viv McLachlan
	Type of financial accounting in place i.e. Manual books, computerised system		Sage Accounts system – augmented with manual spread sheets Risk assessment software - LCRS
	Does the council carry out an annual risk assessment, and is it documented.		Yes. This is reviewed as a minimum annually.
	Does the council have a good control environment (evidence of internal reviews and counter signing of cheques etc)		There is evidence of regular internal review which is carried out council and committee Full Council circa 5 weekly Planning every 3rd Tuesday Grant Panels quarterly Working parties as and when
	Any significant changes since prior year (staff or procedures)		Enhancements made to procedures to coincide with new sections of financial regulations
	Any there any matters arising from last year's audit and/or management letter		None
	Matters arising from discussions with council, including whether there is any evidence of fraud or material misstatement.		None
	Key high risk or expected problem areas,		None

Professional Independence and Competence Questionnaire

The internal audit function must be sufficiently independent from the management of financial controls and procedures of the council which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the council.

There are two key principles, which all local councils must follow in setting up their internal audit function, regardless of how procured: **independence and competence.**

INDEPENDENCE	
Do you have any specific reliance on the fee to be earned from this assignment	No
Overdue fees	
Does the client/group of clients owe the firm any money which exceeds our normal credit terms?	No
Litigation	
Is there any actual or anticipated litigation between us and the client in relation to fees, audit work or other work?	No
Associated firms	
Are you or your staff associated with any other practice or organisation which has had any dealings with the client council?	No
Family or other personal relationships	
Do you or any of your staff have personal or family connections with the council or its officers?	No
Mutual business interest	
Do you or any of your staff have any mutual business interests with the client or with an officer or employee of the client?	No
Financial involvement	
Do you or your staff, or anyone closely related to you or any of your staff, have any financial involvement in the client in respect of the following:	
Any beneficial interest in shares or other investments?	No
Any loans or guarantees?	No
Goods and services: hospitality	
Have you or any of your staff accepted materials, goods or services on favourable terms or received undue hospitality from the council?	No
Ex-partners or senior staff	
Has any senior officer of the council been a partner or senior employee of the practice?	No
Is the partner or any senior employee on the audit team in negotiations to join the client?	No
Long association	
Have you been acting for more than 10 years? If yes, then consider rotation/engagement quality review. 4th Year of auditing	No
Provision of other services	
Do we provide any of the following services to the client:-	
Accounting services, book-keeping or payroll services	No
Staff secondments	No
IT services where we are involved in the design, provision or implementation of systems	No
Specialist valuations which are included in the accounts	No
Tax compliance work or tax planning	No

Corporate finance activities	No
Any advocacy services e.g. Tax commissioner hearings	No
Any services relating to the management of the council	No
Any other services that may cause a threat to the firm's objectivity or independence	No
Where any of the above have been answered 'yes', then specify below what safeguards are proposed to maintain integrity and independence:-	
Competence	
Consider the following matters prior to deciding to accept appointment/re-appointment as auditors:	
Are there any particular challenges and risks associated with this client?	No
Do we have sufficient expertise available to undertake this audit engagement?	Yes
Are there sufficient resources available to undertake this audit engagement?	Yes
Having regard to the safeguards identified, I am satisfied that we are independent and competent to perform this audit.	

Budget

		Hours
Planning & Systems Work	Interim Visit	4
File Review and reporting	Interim Visit	1
Financial Procedures	Final Visit	4
File review	Final Visit	1
Total Budget Hours		10
Hourly Rate		£500
Time Cost		£500
Other costs	Mileage	£90
Total Budgeted Cost		£590
Total Budgeted Fee		£750

Timetable

Autumn 2014	Planning and Interim Audit work
May 2015	Final Audit work
May 2015	Issue Audit Report & Letter

Systems Notes

Lewes Town Council is quality council there are three wards, Bridge, Castle and Priory. They are proactive in their work with the community; they have their own self-contained offices (Freehold owned) with meeting rooms available for public hire and significant land holdings. (113 Acres of common land with DC), site of Lewes Priory, the Pells, 8 allotment sites. The offices are open daily from 9.00 am to 5 Monday to Thursday and 4pm Friday. There are five or six members of staff on site at these times.

Expenditure:

Normal expenditure such as rates water, electricity, gas etc. is known in advance and budgeted for at the beginning of the year; for ad hoc expenditure such as stationery, repairs etc. this is firstly identified or reported to the clerk or RFO and a purchase order will be raised in triplicate. Quotes are obtained depending on the expense type and amount, for those amounts over £2,000 three quotes are obtained. However, if deemed appropriate or significant a quote will be obtained even if below the £2,000 limit. If the expense is greater than £60,000 it will go out to public tender.

The council has an internal system for processing purchase orders to ensure all expenses are properly accounted for. This system is robust and spot checking showed no errors. Expenditure has to be authorised by the council and this is achieved via budget approval. Clerk has a pre-authorised limit of £2,000.

Services are checked physically by the person ordering the service. Goods delivery notes are attached to the invoices and purchase orders if applicable.

Payment:

There is a regular payment run as and when required. Authorised signatories are invited to attend the offices to sign the cheques and verify the invoices and supporting documentation. The RFO then sends the payment to the supplier. The cheque is signed three times RFO Plus two others, the invoice or supporting document is also initialled. Payment is made by cheque or Direct debit. Invoices paid are filed alphabetically.

Petty Cash:

There is a £400 float in petty cash. Used for milk, tea coffee small sundries. Perhaps a dozen per month.

Income

Precept & Grant 85% - bacs
Rentals 10% - mostly cheque
Other 5% mostly cheque

Internal Checking

There is an audit and governance panel which meets on quarterly basis; which reports to full council. The audit subcommittee has 5 members, and their responsibilities are to:-

Review budgets and trends
Make recommendations to Council for changes in systems
POs and invoices are counter signed
Petty cash is checked quarterly

General Controls

The council has good general controls
Specified opening hours
Report against budget
Locked offices
Passwords on computers
External PC back up – daily tape – taken off site

Staff

There are personnel files on all members of staff. Payroll processed in house using Sage

End of Year

The RFO prepares the accounts at the year end

Inherent Risk Assessment

Based on the above findings and discussions with council it is my opinion that the inherent risk within the systems of the council is categorised as follows

Work Task	notes	
Are standing orders and financial regulations regularly reviewed	Yes these were on site and were current and reference to a minute	Low Risk
Is council following its written Financial regulations & standing orders	Yes	Low Risk
Does the council have risk assessments in place and are these reviewed at least annually	Yes	Low Risk
Does the council have a committee or working party responsible for internal checking	Yes	Low Risk
Is there evidence of hierarchical review (counter signing bank rec, invoices etc)	Yes	Low Risk
Is there regular reporting against budget?	Yes	Low Risk
Are books and records maintained on a regular basis	Yes	Low Risk
Is the clerk under time pressure	No	Low Risk
Are there complicated transactions?	No complicated transactions	Low Risk
Any changes to key staff	No	Low Risk
Any changes in systems or procedures	No	Low Risk
Is all info on site and to hand?	All info on site and to hand	Low Risk
Any problems in the past	No problems in past	Low Risk
Are there any other factors to consider?	Records neat and tidy	Low Risk

Conclusion & Opinion

I discussed the system above with the RFO and reviewed an invoice picked at random, which contained all the details mentioned above.

The system in place is robust and entirely fit for purpose for a Parish Council of this size. There are good internal controls, policies and procedures in place which are reviewed on an annual basis.

I am of the opinion that the inherent risk in the system is low and would recommend a sample size of 10 when testing in detail and would also state that the internal controls can be relied upon.

Specific Audit Plan

Audit Area Section 4 Annual Return	Notes	Risk of error or misstatement	Tests	Ref
Appropriate books of account have been kept properly throughout the year.	SAGE package in place, limited and uncomplicated transactions	Low	Review transactions in cashbook make verbal enquiries. Test arithmetic.	A
The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Good, simple system	Low	Review invoices and reconcile to cash book in detail. Review minutes and cheque books for authorisations	B
The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Risk assessment policy written risk assessments carried out	Low	Review and comment	C
The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate	SAGE package used	Low	Review minutes for evidence of council discussion of the same	D
Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Various streams of income	Low	Test to precept application and other documentation as appropriate	E
Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Minimal petty cash	Low	Test to petty cash tin	F
Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	Payroll processed using SAGE system in house	Low	Test rates and hours are authorised Test net wages to payments due	G
Asset and investments registers were complete and accurate and properly maintained.	Fixed asset register in place	Low	Review insurance schedule and cashbook for missing items off the register	H
Periodic and year-end bank account	Regular reconciliations on SAGE	Low	Test reconciliation in detail	I

reconciliations were properly carried out.				
Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	Income and Expenditure	Low	Test audit trail sufficient for electors rights	J
Trust funds (including charitable) The council met its responsibilities as a trustee.	Yes – no problems in the past	Low	Ensure separate meetings, bank and charity info up to date	K

Audit Findings

(A) Proper Bookkeeping

Objective	To confirm that appropriate books of account have been properly kept throughout the year
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The basic record of receipts and payments is always the starting point of an accounting system; the majority of internal controls will work back to that original record. It is essential that the system requires that the **basic cash book is kept up to date** and **balances are regularly verified against a bank statement** or the actual cash in the petty cash tin. This record will also **agree with the supporting vouchers**, invoices or receipts. Even though the arithmetic may be automatic on a computer based system it is necessary to **check that the additions and balancing are correct**. The level of checking will depend on who does what and with what frequency. Where there is a **computer based system**, the reliability of information reported by the system depends on the quality and accuracy of data input, and how it is then processed, and **so tests of the integrity of data input and processing should be considered**. A councillor or member of staff may do the checking or verification; internal audit will test that the checking verification within the system has been undertaken.

Test		Comments / Conclusions / Points Forward
1	Using the previous year's annual return agree the current year's brought forward balances in the cash book.	The cash book balances b/wd agrees to the 2013/14 c/wd balances.
2	Review the nominal ledger/cashbook for large and unusual entries and agree to supporting documentation	Council uses the electronic SAGE system, all entries laid out in clear and logical manner with references and cross references as appropriate to supporting documentation. No data fields have been left blank and the reader can easily identify from the narrative the nature and scope of the transaction. No unusual amounts. I did note that the PWLB interest charge on sage was posted to a balance sheet code instead of the income and expenditure account – a journal was needed to reallocate to the correct position. The accounts and annual return correctly showed this position so no change was needed to these documents
3	Verify arithmetic by casting a sample of the cash book, if this is maintained electronically check one month only	SAGE is an electronic system; I have verified the arithmetic by testing the bank reconciliation at month 12. There were no errors
4	Is the cashbook maintained and up to date	The RFO/Clerk/Accountant maintains the system on a weekly basis.
5	Is the cashbook regularly balanced	Evidence seen to show bank reconciliations are produced on a regular basis - printed and signed off by chairman of audit committee
6	Is the data input by the RFO checked internally	Yes – The accountants work is checked by the RFO

OVERALL CONCLUSION (Subject to points carried forward in final notes)

Satisfactory – I am of the opinion that the SAGE package is being used properly, and that it is fit for purpose for a council of this size. I was pleased to see that the books and records on SAGE are regularly maintained and clerk/RFO has a positive attitude to keeping these up to date.

(B) Financial Regulations, Standing Orders & Payment Controls

Objective	To confirm The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.
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The first step in establishing a financial system is to identify the general rules applicable at council or committee meetings and in carrying out the council's business. The Standing Orders, Financial Regulations and other internal instructions do this. **Internal audit should have a copy of the current Standing Orders, Financial Regulations and any internal instructions.** Internal audit's report to the council will include any recommendations for improvement in these documents arising as a result of their work during the year. The level of checking will depend on the content of the Standing Orders and Financial Regulations. The amount of work may well vary, and more extensive testing of compliance may be needed from time to time, but as a minimum, having established whether the **council has within the year reviewed its Standing Orders and Financial Regulations** for continued relevance, internal audit will test.

In purchase order procedures:

- that the **correct number of estimates, quotes or full tenders** depending on estimated value of contract **have been obtained** (Standing Orders will state the value at which tenders are required; Financial Regulations or Standing Orders will show the value where estimates or quotes only are required);
- that **proper purchase authority by council, a committee or officers** (under clear delegated powers) **is in place**; and
- that a **proper legal power has been identified** for the expenditure.

In purchase payments:

- that the supporting paperwork confirms that there is a **fully approved invoice and authorisation for payment**; and
- that **VAT is identified** appropriately for reclaim.

In most councils these checks can be limited to a sample of transactions selected at random, plus those which are large or unusual, such as each payment for a value in excess of £1,000, or some other figure appropriate to the level of activity of the council. The aim is for **internal audit to check that the systems put in place by management are working and are appropriate.**

Standing Orders and Financial Regulations may well repeat the statutory requirement to maintain 'a separate account' of expenditure and income under Local Government Act 1972 section 137 and Local Government Act 1986 section 5. **Internal audit should check annually that such an analysis is kept** and that the **cash limit in section 137 is not exceeded.** Internal audit may scrutinise the resulting list of expenditure and should consider whether the power is being properly used but would not check through for the correct analysis of every item.

Internal audit should also check that **payments of interest and principal** in respect of loans (and investments if any are held) are **in accordance with an agreed schedule.**

Test		Comments /Conclusions /Points Forward
1	Has the council formally adopted standing orders and financial regulations?	Electronic copies given to IA on arrival. These was reviewed and commented upon. The financial regulations are based on the NALC Financial regs modified 12th June 2014- minute FC2014/24.1 refers Standing Orders Adopted 14th June 2012 – Resolution FC2012/22.5 refers. These to be reviewed in November 2014.
2	Has a Responsible finance officer been appointed with specific duties?	Yes the Clerk is the appointed RFO.
3	Have items or services above the de minimus amount been competitively	Not applicable

	purchased?	
4	<p>Are payments in the cashbook supported by invoices, authorised and minuted?</p> <p>Test a random sample of items to verify that internal controls are operating as described:-</p> <p>Purchase order procedures:</p> <ul style="list-style-type: none"> • that the correct number of estimates, quotes or full tenders depending on estimated value of contract have been obtained • that proper purchase authority by council, a committee or officers (under clear delegated powers) is in place; and • that a proper legal power has been identified for the expenditure. <p>Purchase payments:</p> <ul style="list-style-type: none"> • that the supporting paperwork confirms that there is a fully approved invoice • and authorisation for payment; and that VAT is identified appropriately for reclaim 	<p>Tested 5.2: Cheques signed by two persons and clerk. I reviewed the returned cheques and these were appropriately signed.</p> <p>Test 5.3 Supporting documentation verified. Expenses are easily traceable from the cashbook to the supporting documentation.</p> <p>Test 6.1C Pin and passwords are kept in the safe.</p> <p>Test 6.3 Petty cash – tested petty</p> <p>Test 9.3 Annual review of income charges - This was taken to council and approved – financial regulations being followed</p>
5	Has VAT on payments been identified, recorded and reclaimed?	Yes
6	Is s137 expenditure separately recorded and within statutory limits?	Yes – this is below the thresholds
7	Note down if council is registered for VAT or if they use the annual reclaim method	Council is not registered for VAT
8	<p>Review VAT returns for supporting documentation and verify a sample of transactions to</p> <ul style="list-style-type: none"> • Invoices • Other third party evidence • Correct rate of VAT • Correct treatment of VAT 	<p>Council used SAGE system to record VAT on inputs</p> <p>Vat returns [s.126] have been reviewed</p>
9	Review bank account for payments or receipts of VAT	Receipts of refunds in evidence
10	Reconcile VAT returns to cash book	As above
11	Ensure Returns are made on a prompt basis	AS above

OVERALL CONCLUSION (Subject to points carried forward in final notes)

Satisfactory – The nominal ledger balances are brought forward correctly and the postings to the nominal accounts are properly made

(C) Risk Management

Objective	To confirm the council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
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The greatest risk facing a local authority is not being able to deliver the activity or services expected of the council. The council is likely to be managing many of those risks when it **reviews its insurance** and its systems. **The minutes are an essential record of such reviews. Budget setting and insurance review are annual activities;** the review of systems may be less frequent.

It is suggested that **systems should be reviewed** in some detail, unless triggered by external or internal audit reports, or change in risk, at least **every four years** or **on the change of Clerk/RFO**. This might be more appropriate for larger councils on a cyclical basis.

Minutes should be checked by internal audit for any suggestion of unusual activity and evidence that risks are being identified and managed.

Test		Comments / Conclusions / Points Forward
1	Does a review of the minutes identify any unusual financial activity?	No
2	Do minutes record the council carrying out an annual risk assessment?	Yes
3	Is insurance cover appropriate and adequate?	PC is insured by Zurich. April to March. The assets are listed and the values are comparable to the FAR.
4	Are internal financial controls documented and regularly reviewed?	There are internal financial controls which are regularly followed
5	Review financial & Other risk assessment and ensure up to date, note down any significant risks facing the council	Council reviews all risk assessments in a clear and logical manner. Reported to full council on an on-going basis The council has insured itself against the significant risks, including employee fraud etc. There are no operation issues that would cause the council to stop functioning – steps have been taken to ensure safety of electronic records etc.
6	Document retention & Data Back up	Council has been made aware of LTN40 in this regard Digital information backed up daily on site. To NAS box, and Trident externally.

OVERALL CONCLUSION (subject to points carried forward in final notes)

Satisfactory – The council has a positive attitude to risk assessment and documents the assessments and reviews in a logical manner

(D) Budgetary Controls

Objective	To confirm the annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.
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Internal audit will not check the budget but will verify that a budget has been properly prepared by the council and adopted in setting the precept. The regular reporting of expenditure, and variances from budget, is an important part of the proper control of public money. **Internal audit will expect to see the regular reports to council and the variance analysis.** That variance analysis and the decisions of council or committee taken as a result may suggest areas for additional analysis by internal audit. Part of budgetary control is to ensure **adequate but not excessive reserves** or balances. **Progress against budgets should be regularly monitored.** It is particularly helpful when determining the likely precept that will be required for the following year. **Internal audit will be keen to establish that this has taken place.**

Test		Comments /Conclusions /Points Forward
1	Has the council prepared an annual budget in support of its precept?	Yes this was prepared in the proper time period last year.
2	Note how client prepares budget	Zero based approach – per department – uses SAGE and excel system
3	Is actual expenditure against the budget regularly reported to the council?	Every audit panel meeting
4	Are there any significant unexplained variances from budget?	There are no significant variances at the year end
5	Review council's reserves and reserves policies and make a note of how many months cover they have and whether this is sufficient for this particular council	General reserves are circa £285k (2014: £377k). Earmarked reserves are circa £702k (2014:£527k) Planned expenditure in forthcoming year will reduce these reserves. Reserves are not in excess.

OVERALL CONCLUSION (subject to points carried forward in final notes)

Satisfactory – The council has budgets in place and evidence suggests performance against budget has been reviewed on at least one occasion. Reserves are reasonable and no evidence of capital and revenue reserves being mixed.

(E) Income Controls

Objective	To confirm expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.
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Internal audit will look for evidence that the precept and grant income is properly and promptly received. In value this is usually the largest item of income. **Internal audit is more likely to focus on other income particularly where it is unusual or cash-based.** Cash income brings higher risks, in turn requiring greater control by ticket issues, receipt issues, segregation of duties of the cashier and the invoice-raising clerk. **The need for greater control implies a need for internal audit to verify the operation of all checks and balances.**

If the council has let property or holds investments, then the council should have established a system to ensure regular income collection; a diary of expected dates of income etc. **Internal audit will look for evidence of such activity and any necessary progress or invoice chasing.**

If the income is from quoted investments there is a clear risk to be addressed in terms of identifying the investment policy to be followed, controls over who can initiate a change of investment and an awareness of the investment risks being accepted.

Test		Comments /Conclusions /Points Forward
1	Is income properly recorded and promptly banked?	Precept and grant received by bacs properly recorded in cashbook and annual return. Credits paid in within a week of receipt – no cut off issues to report. Other income tested to documentary evidence and analytical review as applicable. Of note is that the Mayoral income and expenditure is shown net within the accounts. I have suggested to the clerk that whilst this has no effect on the reading of the annual return (ie no variance thresholds are breached etc) in future years gross income and expenditure be shown.
2	Does the precept recorded agree to the Council Tax authority's notification?	Yes – agreed to application as seen by IA
3	Are security controls over cash and near-cash adequate and effective?	Yes
4	Is VAT correctly applied at the correct rates	Council not registered for VAT
5	Is there income from sale of investments or investment income	No

OVERALL CONCLUSION (subject to points carried forward in final notes)

Satisfactory – The income process is carried correctly in accordance with documented procedures.

(F) Petty Cash Procedure

Objective	To confirm Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.
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Internal audit will be looking to see that there is an established system in place rather than ad hoc reimbursement. If the clerk is reimbursed for all small cost expenses or there is a separate cash float, a regular payment must be made to keep up to date. **Internal audit would be looking to see that reimbursement is regular and evidence that on occasions an independent person has physically counted the cash balance and checked to be in agreement with the up-to-date record.** The council should have a system for the regular approval of petty cash expenditure.

Test		Comments/Conclusions
1	Is all petty cash spent recorded and supported by VAT invoices/receipts?	Yes
2	Is petty cash expenditure reported to each council meeting?	Yes – in same manner as normal expenditure
3	Is petty cash reimbursement carried out regularly?	When needed to top up float
4	Review petty cash records for unusual amounts	None in evidence
5	Test count the petty cash and agree to accounting records at today's date if not conducted at the year end.	Agreed
6	Select a sample of petty cash payments and receipts and agree to supporting documentation, verifying <ul style="list-style-type: none"> • Amounts • Authorisations • VAT analysis 	Agreed – these are for general petty cash items

OVERALL CONCLUSION (subject to points carried forward in final notes)

Satisfactory – petty cash records are complete and reconciled – suggest these are reconciled more frequently.

(G) Payroll Controls

Objective	To confirm Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.
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Internal audit will be seeking reassurance that the system is delivering the correct payments for wages and salaries and that PAYE/NIC is correctly deducted from the gross pay and paid to HM Revenue and Customs. Historically, one of the greatest areas of risk for local councils has been the improper payment of wages and salaries, together with the lack of proper deduction of income tax and national insurance contributions.

There are some simple tests to establish whether a person is employed by a local authority or can be regarded as a contractor. **The clerk is always regarded as an employee – as an ‘office holder’. As an employer, the council must operate PAYE/NIC.** If correct deduction for tax or national insurance is not made by the employer, HM Revenue and Customs has the right to seek the lost tax and contributions from the employer as if the payments made were after deduction of the appropriate amounts (i.e. the amount sought is ‘grossed up’). There may also be a liability for interest and penalties that can increase the sum significantly. The clerk, even at the smallest of councils, will need to be able to produce evidence that the correct tax treatment of salary has been arranged with HM Revenue and Customs. HM Revenue and Customs often seek to avoid setting up a PAYE scheme for a single employee whenever possible, so will seek to ‘code out’ any parish council salary through other income, pension scheme or by direct assessment. The council should have an up to date letter from HM Revenue and Customs (addressed to the Council) confirming that arrangements to their satisfaction have been made for the particular employee. Internal audit may verify that evidence each year as part of the annual statement forming part of the annual return.

Changes to contracts of employment (whether annual salary change, or other) require formal agreement by the council as well as being evidenced by a written statement to the employee. The council should record evidence of approved changes in employment contracts in employee records. **Internal audit should check that this evidence is in place and agree sums paid to those sums shown as payable.** The purpose of specifically investigating the PAYE/NIC system recognises the risks inherent in these items, either through fraud or error, and the risk of significant management time and penalties in making corrections if errors arise.

Test		Comments/Conclusions
1	Do all employees have contracts of employment with clear terms and conditions?	Yes
2	Do salaries paid agree with those approved by the council?	Council approves salary scale and this is minuted There are councillor allowances – paid via payroll.
3	Are other payments to employees reasonable and approved by the council?	Yes – generally for mileage – forms part of the normal routine of payment authorisations. IA seen evidence of approved expense claim for clerk.
4	Have PAYE/NIC been properly operated by the council as an employer?	Yes this is calculated and paid on a monthly basis in house using Sage.
5	Check a sample of payroll deductions. Verifying calculation of PAYE & NIC	Payroll deductions tested on annual basis no errors. Deductions are correct.
6	Check employee existence by physical verification or by reference to documentation (e.g. personnel files, coding notices etc).	Employees are bonafide
7	Check payroll is signed by a responsible official.	Payroll is approved annually by council and

		monthly payments in the usual manner each month with other payments. This is minuted.
8	Test check net wages & PAYE per the cash book to the payroll	Nominal ledger shows where applicable 12 monthly payments of wages, pension and NI
9	Review cash book for unusual payments not put through the PAYE/NI system (e.g. casual labour, round sums, private bills etc).	No unusual amounts to report.

OVERALL CONCLUSION (subject to points carried forward in final notes)

Satisfactory – salaries and processing of salaries are correct. There are no errors.

(H) Asset Control

Objective	To confirm asset and investments registers were complete and accurate and properly maintained.
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The Council is required to maintain an asset and investment register. In the smallest councils, this may only be a note produced for members and local electors. **Internal audit will be interested in seeing that there is evidence that the continuing existence of owned and managed assets is checked on a regular basis.** In a larger council the register may be hand written, typed or computer produced; the essence is the same in that the system should be verified on a regular basis. This verification **should include confirmation that insurance cover is adequate and sufficient.** If investments are held, the asset register will be a more active record; it should include details of cost, values, and expected income that can be checked against the actual income. Dates and references to minutes of the members' review of the investments against the investment policy might also be included.

Test		Comments/Conclusions
1	Does the council maintain a register of all material assets owned or in its care?	Yes – detailed fixed asset register maintained in electronic format.
2	Are the assets and Investments registers up to date?	Yes No long term investments.
3	Do asset insurance valuations agree with those in the asset register?	Yes –
4	Obtain details of additions and select items to test to invoice or other supporting documentation, having regard for VAT element	No additions in year
5	Conduct physical verification of selected assets to make sure that they are in regular use and check to fixed asset register	Reviews of office equipment register – assets were physically noted to be in use. Value per register is reasonable.

OVERALL CONCLUSION (subject to points carried forward in final notes)

Satisfactory. Council maintains and records assets properly.

(I) Bank Reconciliation

Objective	To confirm Periodic and year-end bank account reconciliations were properly carried out.
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In most councils, the bulk of the financial records will be concerned with a current account and a form of deposit account at a bank or building society. A regular feature of the financial system will be the reconciliation of the balances shown on the statements with those calculated in the council's financial records. **It is strongly recommended that on receipt of a bank statement, there should be a reconciliation of the appropriate cash book record. Internal audit will wish to see that this has been done**, but should not undertake the reconciliation unless it requires re-performance. **It may be appropriate for the year end balances and the reconciliation to be checked in detail.**

The basic cash book record must not be written up from the bank statements. That approach does not provide any form of control. The cash book record is written up from the council's records: cheque counterfoils and the paying-in books, together with the known direct payments and credits. It is the cash book record that is checked regularly against the bank statements to provide control.

The bank reconciliation should include a note of the historic cost of current investments held by the council, if any, so that this can also be monitored to ensure that these funds are performing in the way planned by the council and also so that the council can have, each time this is reviewed, as complete a picture as possible of its liquidity and available funds.

As part of internal control, a member may be appointed to review the bank reconciliation in detail and to evidence that review by signing the reconciliation form and the bank statements.

Test		Comments/Conclusions
1	Is there a bank reconciliation for each account?	Yes
2	Is the bank reconciliation carried out regularly and in a timely fashion?	Yes – monthly and this is signed off in accordance with financial regulations
3	Are there any unexplained balancing entries in any reconciliation?	No –Cheque numbers are current. No significant aged cheques.
4	Is the reconciliation signed off by a member	Yes –
5	Test check the year end reconciliation in detail	No errors – March 2015 reconciliation checked by IA
6	Prepare or obtain a schedule of investments showing all movements in the year and agree opening balances.	N/A
7	Test check value of listed investments at year end for disclosure in financial statements.	N/A
8	Test purchases and sales with agreements, contract notes and minutes	N/A
9	Is the value of investments held summarised on the bank reconciliation?	N/A
10	Check income has been received on all income yielding investments on a consistent basis and ensure tax has been correctly accounted for.	N/A

OVERALL CONCLUSION (subject to points carried forward in final notes)

Satisfactory – bank reconciliations are carried out and reviewed properly.

(J) Year – End Procedures

Objective	To confirm Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.
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It is the duty of the council and the RFO to produce the year-end accounting statements. **Internal audit will be looking to see that the appropriate accounting basis is used, that the figures can be followed through on working papers and adjustments, transfers, contra entries etc. are fully explained and justified.** Internal audit would not be expected to check all figures but will probably verify a small sample and the totals.

Councils accounting on an Income and Expenditure basis will have a system in place for identifying outstanding amounts (receivable and payable) and then for deciding on their materiality for inclusion in the accounting statements. **Internal audit will scrutinise the lists of creditors and other balances to ensure that the system is working adequately and that the RFO has correctly identified transactions in the one year that may in whole or part relate to another.**

Test		Comments/Conclusions
1	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	AR completed correctly and casts correctly. Income and expenditure basis used.
2	Do accounts agree with the cashbook?	Yes – SAGE package has full integrated audit trail. NL verified to annual return summary.
3	Is there an audit trail from underlying financial records to the accounts?	Yes – as noted above SAGE very robust system in this regard.
4	Where appropriate, have debtors and creditors been properly recorded?	Yes – Boxes 7 – 8 reconciliation prepared and verified. Debtors and creditors appropriate with documentary evidence seen by IA.
5	Has the Annual governance statement been signed off	Yes – will be taken to council in June
6	Has the annual return been completed in full	Yes
7	Has the council got a system in place for reviewing the effectiveness of internal controls	Yes – council reminded to ensure minute referring to approval of section 2 of annual return is detailed enough to show work undertaken by council throughout the year.

OVERALL CONCLUSION (subject to points carried forward in final notes)

Satisfactory – accounts properly prepared.

(K) Trust funds (including charitable)

Objective	To confirm the council has met its responsibilities as a trustee
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Test		Comments/Conclusions
1	Is the council a sole trustee and is it responsible for managing trust fund assets	Yes
2	Note down names of trusts council is a trustee of	Town Brooks Trust
3	As sole trustee has the council properly carried out its duties in respect of financial reporting and or audit.	Yes duties are separated – charities commission details and documents up to date. Financial amounts not shown on annual return. It was noted the auditors were late in filing the accounts with the charities commission.
4	Carry out any other tasks deemed necessary	none

OVERALL CONCLUSION - (subject to points carried forward in final notes)

Satisfactory – council performs duties properly and in accordance with regulations.

Agenda Item No: 9

Report No: FC002/2015

Report Title: Accounts & Annual Return 2014/15

Report To: Full Council

Date: 18th June 2015

Report By: S Brigden, Town Clerk

Purpose of Report: To present the requisite accounting information and draft Annual Return for approval as required by the Accounts & Audit (England) Regulations 2011 (SI2011/817)

Recommendation(s):

- 1 That the Town Council approves the statutory annual return and supporting documents as required for the year 1st April 2014 to 31st March 2015, for submission to Messrs PKF-Littlejohn LLP, the Audit Commission's appointed External auditors.

Information:

The latest amendments to the statutory audit regime affecting local councils were introduced by the Accounts & Audit (England) Regulations 2011, advised on 31st March 2011. The changes directly affected the Council as it falls into a category where the criteria had been heavily revised following national consultation. Most notably the threshold level of gross expenditure or income was raised to £6,500,000, whereas previously this was £1,000,000. In 2014 there were some revisions to the Audit Code of Practice made under these regulations, and these have been accommodated during the past year.

The presentation format requirements prescribe a Statutory Annual Return, and such supporting statements as the Responsible Finance Officer may consider appropriate to satisfy the Regulations. Lewes Town Council has, for many years, recognized the benefits of operating its financial accounting system at a level of sophistication that is considerably higher than the minimum requirements, and is already comparable to the commercial Small/Medium Enterprise (SME) classification that the latest Regulations emulate. Under earlier audit regimes, this approach has been commended by auditors as good practice, and will be continued.

The statutory deadline for the Council's formal "approval" of the Annual Return, for forwarding to the Audit Commission appointed external auditors is 30th June. A set of accounting statements is appended. These are also posted on our website. The government-appointed auditors also specify a range of sample documents each year which will accompany the Return and accounts.

The relevant pages of the Annual Return are appended to this report, and the certificate (s4) by the Council's independent Internal Auditor has been signed. He indicates that he has no concerns, and his final report is also presented to this meeting. The Internal Auditor's work; regular reports of the Audit Panel, and occasional reports from other sources, are the instruments by which the Council assures itself that all responsibilities are satisfied.

IMPORTANT NOTE: It is necessary to avoid potential conflict of interest that might affect the auditor's independence, *eg* Messrs. PKF Littlejohn LLP (our appointed external Auditor) may provide personal accountancy or tax advice to a Councillor. Littlejohn themselves attempt to identify such situations, but it is important that Members advise the Town Clerk immediately if they become aware of potential conflicts.

S Brigden
4th June 2015

Local Councils in England

Annual return for the financial year ended 31 March 2015

Local councils in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their activities at the end of each financial year. In this annual return the term 'local council' includes a Parish Meeting, a Parish Council and a Town Council.

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the local council.
- Section 3 is completed by the external auditor appointed by the Audit Commission.
- Section 4 is completed by the local council's internal audit provider.

Each council must approve this annual return no later than 30 June 2015.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all sections highlighted in green. Do not leave any green box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2015, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external auditor will identify and ask for any additional documents needed for their work. Therefore, unless requested, do not send any original financial records to the external auditor.

Once the auditor has completed their work, certified annual returns will be returned to the local council for publication or public display of sections 1, 2 and 3. You must publish or display the annual return, including the external auditor's report, by 30 September 2015.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guide for local councils that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk

Section 1 – Accounting statements 2014/15 for

Enter name of reporting body here:

ENTLEWES TOWN COUNCIL

Council/Meeting

Readers should note that throughout this annual return references to a 'local council' or 'council' also relate to a parish meeting.

	Year ending		Notes and guidance
	31 March 2014 £	31 March 2015 £	
Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.			
1 Balances brought forward	813,635	904,231	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2 (+) Annual precept	692,729	750,466	Total amount of precept received or receivable in the year. Excludes any grants received.
3 (+) Total other receipts	272,782	261,961	Total income or receipts as recorded in the cashbook less the precept received (line 2). Include any grants received here.
4 (-) Staff costs	386,060	410,888	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	10,056	10,056	Total expenditure or payments of capital and interest made during the year on the council's borrowings (if any).
6 (-) All other payments	478,799	509,158	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	904,231	986,556	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	878,932	953,974	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March - to agree with bank reconciliation.
9 Total fixed assets plus other long term investments and assets	3,236,060	3,236,060	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the council as at 31 March
10 Total borrowings	83,412	73,745	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11 Disclosure note Trust funds (including charitable)	yes ✓	no	The council acts as sole trustee for and is responsible for managing trust funds or assets. N.B. The figures in the accounting statements above do not include any trust transactions.

I certify that for the year ended 31 March 2015 the accounting statements in this annual return present fairly the financial position of the council and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

S. S. [Signature]

Date 29/5/2015

I confirm that these accounting statements were approved by the council on this date:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair of the meeting approving these accounting statements.

SIGNATURE REQUIRED

Date DD/MM/YYYY

Section 2 – Annual governance statement 2014/15

We acknowledge as the members of:

ENTLEWES COUNCIL TOWN COUNCIL Council/Meeting

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2015, that:

	Agreed –		'Yes' means that the council:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.			prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of the council to conduct its business or on its finances.			has only done what it has the legal power to do and has complied with proper practices in doing so.
4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.			during the year has given all persons interested the opportunity to inspect and ask questions about the council's accounts.
5 We carried out an assessment of the risks facing the council and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			considered the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the council accounting records and control systems.			arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the council.
7 We took appropriate action on all matters raised in reports from internal and external audit.			responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the council and, where appropriate have included them in the accounting statements.			disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9 Trust funds (including charitable) – in our capacity as the sole managing trustee we discharged our responsibility in relation to the accountability for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	yes	no NA	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

This annual governance statement is approved by the council and recorded as minute reference

MINUTE REFERENCE
dated DD/MM/YYYY

Signed by:

Chair SIGNATURE REQUIRED
dated DD/MM/YYYY
Signed by:
Clerk SIGNATURE REQUIRED
dated DD/MM/YYYY

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the council will address the weaknesses identified.

Section 3 – External auditor certificate and report 2014/15

Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Audit Commission Act 1998 as transitionally saved, for the year ended 31 March 2015 in respect of:

ENTER LEWESIL TOWN COUNCIL

Council/Meeting

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to review the annual return in accordance with guidance issued by the Audit Commission (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

External auditor report

(Except for the matters reported below)* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the council:

(continue on a separate sheet if required)

External auditor signature

External auditor name

Date

Note: The Audit Commission issued guidance in its Standing Guidance, which is applicable to external auditors' work on 2014/15 accounts.

Section 4 – Annual internal audit report 2014/15 to

The council's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2015.

Internal audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the council.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	✓		
H Asset and investments registers were complete and accurate and properly maintained.	✓		
I Periodic and year-end bank account reconciliations were properly carried out.	✓		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	✓		
K Trust funds (including charitable) The council met its responsibilities as a trustee.	Yes	No	Not applicable
	✓		

For any other risk areas identified by the council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit MARIE MULBERRY BA (HONS) FCCA CTA

Signature of person who carried out the internal audit M Mulberry Date 29/05/2015

If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

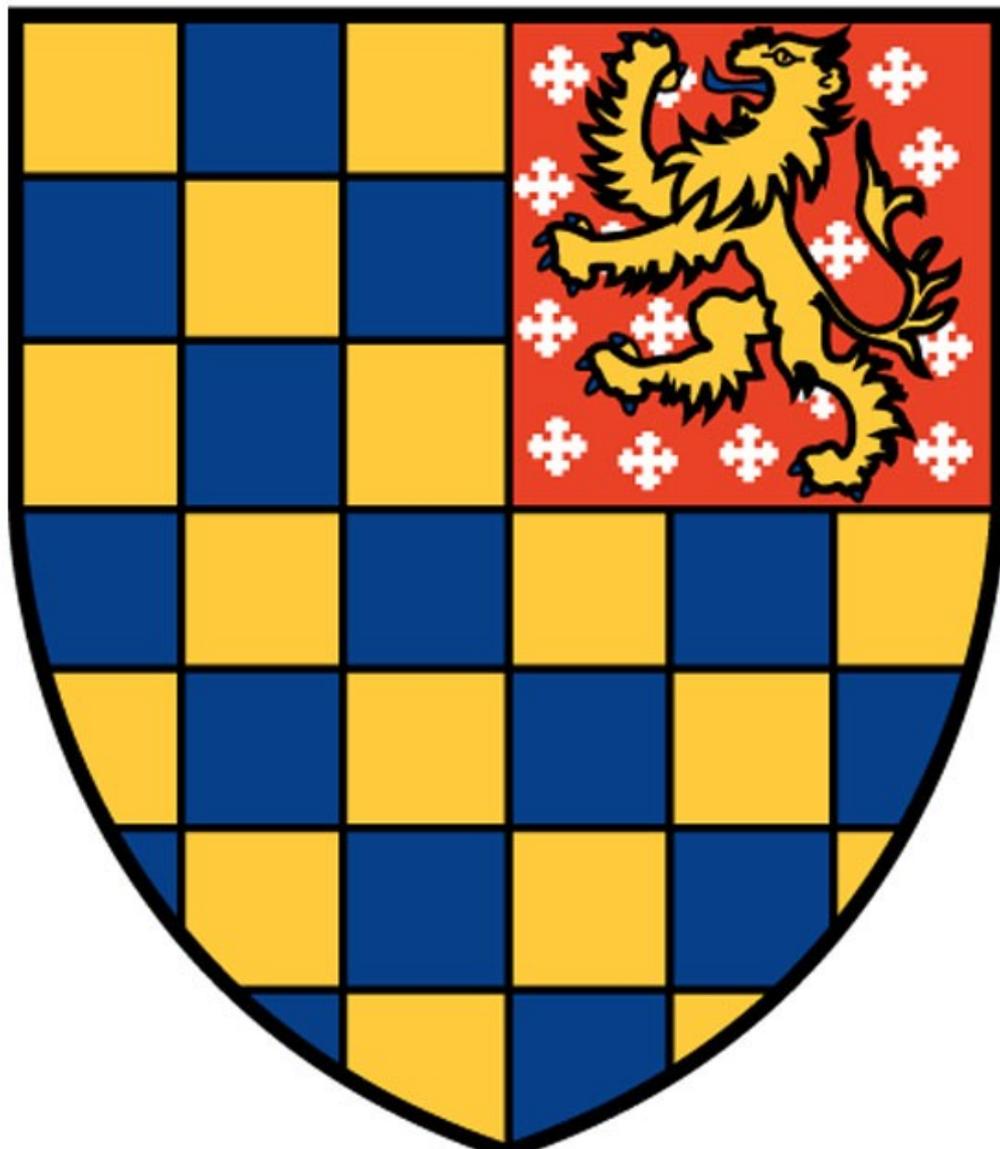
Guidance notes on completing the 2014/15 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you encounter.
- 2 Make sure that your annual return is complete (i.e. no empty green boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the council, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a council member or the Chair, to review your annual return for completeness before sending it to the external auditor.
- 4 Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must notify the external auditor of any change of Clerk, Responsible Finance Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your council holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the Accounting Statements (Section 1). You provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide*.
- 6 Explain fully significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide* to assist you.
- 7 If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2014) equals the balance brought forward in the current year (Box 1 of 2015).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of the audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All green boxes have been completed?	
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	
Section 1	Council approval confirmed by signature of Chair of meeting approving accounting statements?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2015 agreed to Box 8? An explanation of any difference between Box 7 and Box 8 is provided?	
Sections 1 and 2	Trust funds – all disclosures made if council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All green boxes completed by internal audit and explanations provided?	

*Note: Governance and Accountability for Local Councils in England – A Practitioners' Guide is available from your local NALC and SLCC representatives or from www.nalc.gov.uk or www.slcc.co.uk

LEWES TOWN COUNCIL



FINANCIAL ACCOUNTS*
for the year
1st April 2014 to 31st March 2015

* Verified by Internal Auditor - subject to External audit

LEWES TOWN COUNCIL

Council Information

For the Year ended 31 March 2015

Councillors

Cllr Elizabeth ALLSOBROOK (*elected 17th October 2013*)

Cllr Michael CHARTIER

Cllr Jim DALY

Cllr Amanda DEAN

Cllr Ian EILOART

Cllr John LAMB (*elected 17th October 2013*)

Cllr Derek LAMPORT

Cllr Leung Fuk LI (*Deputy Mayor 2014/15*)

Cllr James MacCLEARY

Cllr Dr Graham MAYHEW (*elected 26th March 2014*)

Cllr Merlin MILNER

Cllr Roger MURRAY

Cllr Susan MURRAY

Cllr Ruth O'KEEFFE

Cllr Ashley PRICE

Cllr John STOCKDALE

Cllr Dr Micheal TURNER (*Mayor 2014/15*)

Cllr Stephen WISCHHUSEN (*known as CATLIN*)

Town Clerk and Responsible Finance Officer

Steve Brigden

Auditors (external)

Littlejohn LLP
Ref: SBA
2nd Floor 1 Westferry Circus
Canary Wharf
LONDON E14 4HD

Auditors (internal)

Mulberry & Co
Chartered Certified Accountants
and Registered Auditors
62 Hurst Lane
East Molesey
Surrey
KT8 9DZ

LEWES TOWN COUNCIL

Explanatory Foreword

For the Year ended 31 March 2015

The Council's statements of accounts for the year ended 31 March 2015 are set out on the following pages. They consist of the following statements:

The Income and Expenditure Account

The Council's revenue account, covering income and expenditure on all services.

The Balance Sheet

This sets out the financial position of the Council at 31 March 2015, i.e. its assets and liabilities at that date.

Statement of Total Movement in Reserves

This summarises the total gains and losses of the Council and their effect on the Council's reserves during the year.

Notes to the Accounts

These provide further information on the amounts included in the financial statements.

This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the financial position.

Further Information

Further information about the accounts, and the financial administration of the Council, is available from the Town Hall, High Street, Lewes BN7 2QS. This is part of the Council's policy of providing full information about its affairs. Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the notice board outside the Council Offices, and on the Council's website (www.lewes-tc.gov.uk). Other aspects of the Council's financial operations are published during the year on the website, and may be obtained on request.

LEWES TOWN COUNCIL

Responsibilities for the Statement of Accounts

Year ended 31st March 2015

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs
- to secure that one of its officers has the responsibility for the administration of those affairs. At this Council, that officer is the Town Clerk
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The "Responsible Finance Officer" Responsibilities

The R.F.O. is responsible for the preparation of the Council's statement of accounts in accordance with the 'Code of Practice on Local Authority Accounting in Great Britain' (the code), so far as it is applicable to this Council, to present fairly the financial position of the Council at 31st March 2015 and its income and expenditure for the year then ended.

In preparing the statements of accounts, the R.F.O. has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent, and
- complied with the code.

The R.F.O. has also:

- kept proper accounting records which were up to date, and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Finance Officer's Certificate

I hereby certify that the statements of accounts for the year ended 31st March 2015 required by the Accounts and Audit Regulations 2011 (SI2011/817) are set out in the following pages.

I further certify that the statements of accounts present fairly the financial position of Lewes Town Council at 31st March 2015, and its income & expenditure for the year ended 31st March 2015.

Signed:.....

Date:.....

Steven Brigden

Town Clerk and Responsible Finance Officer

LEWES TOWN COUNCIL

Statement of Internal Control

Year ended 31st March 2015

Scope and Responsibility

Lewes Town Council (hereafter called “the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council’s functions and which includes arrangements for the management of risk.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically.

The Internal Control Environment

The Council already has or is putting into place systems which:

- Establish and monitor the achievements of the Council’s objectives
- Facilitate policy and decision making
- Ensure compliance with established policies, procedures, laws and regulations
- Identify, assess and manage the risks to the Council, including how risk management is embedded in the activity of the Council, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their role
- Control the financial management of the Council and the reporting of financial information

LEWES TOWN COUNCIL

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control, and of its arrangements for internal audit.

The review of the effectiveness of the system of internal control is informed by the work of the internal auditor and the executive officers within the Council who have responsibility for the development and maintenance of the internal control environment, and also any comments made by the external auditor or other review agencies and inspectorates.

Our review of the effectiveness of the system of internal control is informed by:

- o The work of officers within the Council
- o The work of the internal auditor
- o The external auditors in their annual audit report

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the executive officers, and plan to address any weaknesses and strive for continuous improvement of the systems in place.

We have reviewed the effectiveness of our Internal Audit operations, and have taken account of the guidance issued in this regard by the Audit Commission. We are satisfied on all counts that our arrangements are effective and meet expected standards.

Signed.....
Cllr Susan Murray
Mayor of Lewes 2015/16

Signed.....
Steve Brigden
Town Clerk & Responsible Financial Officer

Date:.....

Date:.....

Lewes Town Council
Income and Expenditure Account
for the Year ended 31st March 2015

2014 Nett Expenditure	Cost Centres	Notes	2015 Gross Expenditure	2015 Gross Income	2015 Nett Expenditure
83,613	Corporate Admin		87,392	395	86,996
101,032	Civic Admin		123,131	5,912	117,219
40,095	Mayoralty		45,273	(321)	45,594
150,459	Town Hall		253,360	104,006	149,354
70,956	All Saints		136,397	57,294	79,103
0	Malling Community Centre		37,393	16,386	21,007
35,594	Pells		42,168	195	41,973
84,804	Open Spaces		81,646	1	81,645
20,612	Allotments		34,160	4,447	29,713
6,146	Election Expenses				0
14,400	Section 137 Expenditure	6	17,500		17,500
(29,755)	Other Grants and Sponsorship		46,670	73,534	(26,864)
577,956	COST OF SERVICES		905,089	261,849	643,240
(692,729)	Precept Received			750,466	(750,466)
(230)	Interest and Investment Income	3		112	(112)
10,056	Loan Repayment		10,056		10,056
14,351	VAT Unclaimable	16	14,957		14,957
(90,596)			930,102	1,012,427	(82,325)
(813,635)	Balance Brought Forward				(904,231)
(904,231)	Balance Carried Forward				(986,556)
429,999	Earmarked Reserve Balance B/F	14		527,175	
135,430	Transferred from General Fund			236,430	
38,254	Transferred to General Fund			61,369	
	Earmarked Reserve Balance C/F				702,236
383,636	General Fund Balance Brought Forward			377,056	
(6,580)	Surplus/(Deficit) for the Year			(92,736)	
	General Fund Balance C/F				284,320
904,231	Balance Carried Forward				986,556

NOTE: Totals may be affected by "rounding" convention

**Lewes Town Council
Balance Sheet
as at 31st March 2015**

Year Ended 31 March 2014		Notes		Year Ended 31 March 2015
£				£
5,277				5,685
16,035				23,946
0				26,990
18,002				26,713
<u>878,932</u>				<u>953,974</u>
918,246				1,037,308
CURRENT ASSETS				
	Stock	9		
	Debtors	10		
	Payment in Advance			
	VAT Recoverable	10		
	Cash in Hand			
TOTAL ASSETS				
CURRENT LIABILITIES				
7,478	Creditors	11		47,155
6,537	Receipts in Advance	11		3,597
0	VAT Payable			0
<u>14,015</u>	TOTAL LIABILITIES			<u>50,752</u>
NET ASSETS				
<u>904,231</u>				<u>986,556</u>
Represented by:				
377,056	General Fund	14		284,320
527,175	Earmarked funds			702,236
<u>904,231</u>				<u>986,556</u>

.....
Cllr Susan Murray
Mayor 2015/16

Date:.....

.....
Steve Brigden
Responsible Finance Officer

Date:.....

Lewes Town Council
Notes to the Accounts
31 March 2015

1 Information on Assets Held

	31/03/2014	Movement in the Year Acquisition s	31/03/2015	Method of Valuation
	£	£	£	
Operational Land and Buildings				
Lewes Town Hall	1,925,926	0	1,925,926	*
All Saints Centre	362,727	0	362,727	*
Pells Swimming Pool	131,250	0	131,250	*
Non-Operational Land and Buildings				
Malling Community Centre	85,000	0	85,000	**
Equipment				
Computer Equipment	10,948	0	10,948	*
Franking Machine	472	0	472	*
Infrastructure Assets				
Bus Shelters	42,193	0	42,193	*
Town Seats and Benches	21,707	0	21,707	*
Waste Bins	3,027	0	3,027	*
Town Signs	5,877	0	5,877	*
Community Assets				
Lewes Priory site	24,000	0	24,000	**
The Pells Land	15,000	0	15,000	**
Allotments	26,500	0	26,500	**
The Town Plate	237,790	0	237,790	**
Works of Art	252,500	0	252,500	**
St. Michael's Town Clock	21,000	0	21,000	**
Civic Robes	35,670	0	35,670	**
Antique House Clock	2,370	0	2,370	**
Antique Books	2,100	0	2,100	**
War Memorial	1	0	1	***
Land at Landport Bottom (50% share with Lewes District Council)	1	0	1	***
Love Lane Tree Belt	1	0	1	***
Tom Paine Statue, Library terrace [private gift to town]	30,000	0	30,000	****
	3,206,060	0	3,236,060	

* Valued at open market value less depreciation prior to 31/3/05 (depreciation not charged subsequently, due to change in local councils' statutory accounting regime)

** Valued at open market value at 1/4/2004 and subsequently not changed

*** Nominal value/community asset

**** Valuation for insurance purposes/cost price

Assets are insured at replacement cost values, except the Priory and War Memorial, which are insured on a first-loss basis.

Lewes Town Council**Notes to the Accounts****Year Ended 31 March 2015****2. Principal Accounting Policies****Accounting Convention**

The accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting in Great Britain (the Code), which is recognised by statute as representing proper accounting practices.

Debtors and Creditors

The revenue accounts of the Council are maintained on an income and expenditure basis in accordance with the Code. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. Exceptions to this are payment of insurance premiums and regular quarterly accounts (e.g. telephones, electricity). This policy is applied consistently each year, and therefore, it will not have a material effect on the year's accounts or on the Council's annual budget.

Leases

The Council has no commitments under finance leases. Rentals payable under operating leases are charged to revenue on an accruals basis.

Earmarked Reserves

Earmarked Reserves are a means of building up funds to meet known or predicted liabilities in the coming years.

3. Interest and Investment Income	2014	2015
	£	£
Interest Income – General Funds	230	112

4. Agency Work

During the year the Council did not undertake any agency work on behalf of other authorities or commission any agency work to be performed by other authorities.

5. Publicity

Section 5 of the Local Government Act 1986 requires the Council to disclose expenditure on publicity. Details are shown under the following broad categories:

	2014	2015
	£	£
Recruitment Advertising	921	0
Marketing Advertising	780	952
Other Publicity (incl. newsletter)	2,382	3,238
Community Cinema operating advertisements		1,633
TOTAL	4,083	5,823

Lewes Town Council**Notes to the Accounts****Year Ended 31 March 2015****6. S.137 Expenditure**

Section 137 of the Local Government Act 1972 (as amended) enables the Council to spend up to £7.20 per head (2014:£6.98) on the electoral roll in this year for the benefit of people in its area on activities or projects *not specifically authorised by other powers*.

Expenditure was made under this power in 2014/15 for the following purposes:

	2014	2015
	£	£
Grants to		
Lewes Town Partnership	7,000	7,000
East Sussex Youthbank	4,000	4,000
Lewes Food Bank	1,150	0
Norwood Ravenswood	750	0
The Oyster Project	1,500	1,500
CRUSE bereavement care	0	500
Furniture Now!	0	2,000
Circles Network	0	1,000
Landport Residents Association	0	500
Raystede Centre	0	250
RELATE counselling	0	750
TOTAL	14,400	17,500

Grants to bodies such as the Citizens Advice Bureau are made under other specific legal powers and so are not included in the above figures.

General Power of Competence

Minute extract: Council meeting of 14th June 2012

ref **FC2012/21.1** 'Lewes Town Council declares that it meets the conditions, prescribed in Article 2 paragraph 2 of The Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 (SI2012/965), and hereby resolves to adopt the General Power of Competence as provided in the Localism Act 2011 ss1-8.'

7. Employees and Members

The average weekly number of full-time equivalent employees during the year was ELEVEN. The establishment is 15 (8 full-time; 7 part-time).

The government's Code of Recommended Practice for Local Authorities on Data Transparency promotes the following statement of senior employee's remuneration:

	2014	2015
	£	£
Chief Executive Officer/Head of Paid Service)		
Gross salary received	61,475	62,329
Employer's contribution to LGPS	12,049	12,424
This represents a multiple of 5 compared with the median of all Council salaries		
Members' Allowances paid in the year	2,317	2,979

8. Auditor's remuneration

Fees due to Littlejohn LLP, external auditors, were £1,920 (2014:£1,920).

Fees paid to Mulberry & Co, internal auditors, were £1,014 (2014: £804)

Lewes Town Council**Notes to the Accounts****Year Ended 31 March 2015****9. Stock**

	2014	2015
	£	£
Resale & civic items; protective clothing; materials	2,944	3,486
Town Hall consumable stores	429	529
All Saints consumable stores	529	343
All saints resale stock	152	285
Stationery	*1,222	*1,041
TOTAL	5,276	5,685

* includes estimates for stock pre-printed items

10. Debtors

	2014	2015
	£	£
Trade debtors (No debts were more than 3 months old)	16,035	23,946
VAT (see Note 16)	18,002	26,713
TOTAL	34,037	50,659

11. Creditors and Accrued Expenses

	2014	2015
	£	£
Creditors	7,478	47,154
Receipts in Advance	6,537	3,597
TOTAL	14,014	50,751

12. Operating Lease Commitments

The Council had the following annual commitments under operating leases at 31 March.

	2014	2015
	£	£
Photocopier and doormats	2,190	2,229

13. Loans

	2014	2015
	£	£
Public Works Loan Board (1998 – 2023)	83,412	73,745

Lewes Town Council
Notes to the Accounts
31 March 2015

14. Movement in Reserves

	Opening Balance	Transfer from General Fund	Transfer to General Fund	Total
	£	£	£	£
Earmarked Reserves				
R1 Town Hall	83,340	68,000	3,830	147,510
R2 All Saints Centre	32,800	6,000	0	38,800
R3 Open Spaces	13,060	1,000	0	14,060
R4 Lewes Priory	2,780	280	0	3,060
R5 Pells Lake	11,929	0	0	11,929
R6 The Pells	80,639	10,000	0	90,639
R7 Commemorations Fund	13,790	2,000	3,785	12,005
R8 Environment Enhancement Fund	21,000	2,000	1,645	21,355
R9 Town Clocks	1,500	300	0	1,800
R10 Malling Community Centre	111,000	82,000	0	193,000
R11 Castle floodlights termination agreement	5,000	0	0	5,000
R12 Neighbourhood road-salt bin grants fund	2,583	0	0	2,583
R13 Election costs reserve	5,254	3,800	0	9,054
R14 Devolution process	60,000	18,000	0	78,000
R15 ICT Replacement	3,500	750	0	4,250
Projects committed or in progress				
P1 <i>Placeholder for future projects</i>	0	0	0	0
P2 Historic plaques programme (with FoL)	1,500	300	0	1,800
P3 Magic Circle (with FoL)	14,000	7,000	0	21,000
P4 <i>Placeholder for future projects</i>	0	0	0	0
P5 Neighbourhood Plan		25,000	6,109	18,891
P6 Town Hall access programme	26,000	0	26,000	0
P7 <i>Placeholder for future projects</i>	0	0	0	0
P8 Allotments improvements	10,000	10,000	20,000	0
P9 Pedestrian crossings (contribn to ESCC)	27,500	0	0	27,500
	<u>527,175</u>	<u>236,430</u>	<u>61,369</u>	<u>702,236</u>

Movements this year relate to:

Budgeted contributions from income to reserve funds, and use of those reserves for their defined purpose.

General Fund*

	Opening Balance	Surplus /Deficit	Closing Balance
	£	£	£
Brought Forward	377,056	(92,736)	284,320

* The "General Fund" is the amount not committed to projects or earmarked reserves, which permits day-to-day liquidity and prudent allowance for unforeseeable demands.

It is maintained at a target level roughly equal to 50% of gross annual expenditure, although may fluctuate.

** Accounts marked have no further purpose, and balances have been re-appropriated to the General Fund.

Note 1 Reserve Appropriated - Council Resolution FC2014/102.5 refers

Lewes Town Council**Notes to the Accounts****Year Ended 31 March 2015****15. Pensions**

For the year ended 31 March 2015 the Council's contributions equalled 20.1% of employees' superannuable pay (2013/2014 19.6%). Local Government Pension Scheme administrators have notified employer contribution rates for the following years as:

2015/16: 20.6%	2016/17: 21.1%
----------------	----------------

16. Value Added Tax (VAT)

Subject to certain conditions, local councils may treat as "non-business" for purposes of VAT some activities that would normally be "business", even when charges are made (*Value Added Tax Act 1994 s33*). It is possible to agree a "partial-exemption" formula, whereby a proportion of an activity can be defined as "non-business" eg a building containing both public halls and the council's own offices may be agreed to offer a percentage of its floor area as space available for exempt uses, and the rest defined as its business base. Expenditure and VAT paid on operation of the building can then be apportioned.

VAT paid (input tax) in relation to exempt activities can be reclaimed provided that the total amount does not exceed £7,500 for the year (average £625 per month), AND represents less than 5% of the total VAT paid on *all* goods/services in the year.

17. Contingent Liabilities

The Council is not aware of any contingent liabilities at the date of these accounts.

18. Council Tax Reduction Support Grant

Government changes have given Principal councils freedoms to remove/alter existing exemptions and discounts from council tax.

The Government has decided that Parish tax bases will be lowered to reflect new local council tax support scheme discounts.

The funding provided to Billing Authorities includes a specified amount attributable to parish areas. The Government has made it clear that this has been provided with the expectation that they will work with local parishes and use this to mitigate the inflationary effect of the tax base reduction on their notional Band'D' equivalent charge. Not all Billing Authorities in England have done this, but it is expected that the indicative funding that Lewes District Council will receive for passing-on to parishes will be transferred as a Council Tax Reduction Support Grant (CTRSR). Lewes District Council indicated the following payments of this grant:

2013/14: £89,271	2014/15: £73,534	2015/16: £62,504
------------------	------------------	------------------

The programmed reduction in the amount of CTRSRS will increase the calculated Band'D' value, regardless of any change in Lewes Town Council's budget requirement.

Agenda Item No: 10 **Report No:** FC003/2015
Report Title: Corporate Risk Assessment 2015-16
Report To: Full Council **Date:** 18th June 2015
Report By: S Brigden, Town Clerk

Purpose of Report: To apprise members of the results of the statutory annual risk assessment carried out for the Council's activities and functions for the 2015-16 municipal year.

Recommendation(s):

- 1 That this report, and the summary table of assessed risks appended to it, be noted.
-

Information:

1 It is a requirement of the audit and corporate governance regime for parish councils that an annual appraisal is carried out, of risks arising from council activities. This extends the familiar and long-established concept of physical Health & Safety oriented risks to include such things as the likely effect of a failure to observe a statutory deadline, or the omission of important clauses in contracts.

2 The Council utilizes a very simple computer software package (*DMH Solutions LCRS system*) designed specifically for the parish council sector. This prompts an evaluation of all the required elements, and allows the addition of local, specialized, risk elements unique to an individual Council. This was updated in 2013 and is the latest version available, covering all known and anticipated legislation affecting parish council risk.

The principle of assessment is to award a score for the LIKELIHOOD of a risk element event, *given current controls and systems*, and a score representing the likely IMPACT or EFFECT on the Council should there be an occurrence of the event or failure. The system effectively multiplies these factors and highlights high-risk elements for inclusion in a risk-reduction action plan. For example:

Example 1 an **intangible** risk might be associated with the statutory requirements for the administration of Council meetings (agenda timetable, press and public access, minute-keeping etc.) - failure to meet any or all the legal requirements is unlikely (score = LOW likelihood of event) and the probable effect would be (relatively) minor; probably limited to public criticism, although could result in a legal reprimand and/or "qualified" audit report (score = LOW impact on the business). This element would be considered to be CONTROLLED, *ie* we are aware of the risk and run the organization's day-to-day functions in such a way as to minimize or avoid it.

Example 2 a **tangible** risk exists with the provision of amenities such as bus-shelters and street furniture – this gives rise to an almost constant threat of vandalism and the associated repair costs, and street seating carries the risk of liability claims if unrepaired faults result in damage to clothing or personal injury to a member of the public. Example Score = MEDIUM/HIGH likelihood of an event and MEDIUM impact on business (mainly financial, but includes the disruption of organizing and/or effecting repairs). This element would be identified as UNCONTROLLED, and a plan demanded to address it. Such risks are minimized by a programme of scheduled inspections by the Town Ranger; a policy to immediately repair or remove potentially dangerous items; adequate budget provision to address regular repair costs; appropriate public liability insurance provision *etc.*... and the risk becomes CONTROLLED.

3 **This year's review** has taken account of **274** risk elements within **36** functions or areas of operation. Not all are relevant to LTC, but scores have been awarded to **234** risk elements, and there are **five** salient points, all related to the third-party management arrangements for Mallong Community Centre. Mitigation is effected by close contact with the managing agents, Mallong Community Association.

A summary report extract is appended; the full report (66 pages) is available on request to TC.

S Brigden 2nd June 2015



LCRS 6. Overall Summary

LEWES Town Council Assessment for year 2015 To 2016

Area	Duty	No of risks	Number scored	Avg Score	No of uncontrolled Risks (>3)	Your action plan rank
Allotments	Powers to provide allotments Duty to provide allotment gardens if demand unsatisfied	19	19	1.8	0	
Bar Services		8	8	1.4	0	
Bonfire Celebrations	Power to provide	4	4	2.0	0	
Bus Shelters	Power to provide and maintain shelters	7	6	1.3	0	
Cemeteries/Churchyards	Power to provide	18	7	1.7	0	
Clocks	Power to provide public clocks	5	4	1.8	0	
Code of Conduct	Duty to adopt a code of conduct	1	1	2.0	0	
Community Centres	Power to provide and equip buildings for use of clubs having athletic, social or educational objectives	16	16	2.6	5	1
Computing	Power to facilitate discharge of any function	3	3	1.7	0	
Council Meetings		4	4	2.0	0	
Council Property and Documents	Duty to disclose documents and to adopt publication scheme	4	4	2.0	0	
Crime Prevention - CCTV	Powers to spend money on various crime prevention measures	10	2	1.5	0	
Data Protection	Duty of Notification and Duty to Disclose (subject access)	1	1	2.0	0	
Employment of Staff	Duty to Appoint	7	7	2.1	0	
Entertainment and the arts	Provision of entertainment and support of the arts	17	17	2.0	0	
Financial Management	Duty to ensure responsibility for financial affairs	11	11	2.0	0	
Gifts	Power to accept	1	1	1.0	0	
Investments	Power to participate in schemes of collective investment	4	4	1.5	0	
Land	Power to acquire by agreement, to appropriate, to dispose of land Power to accept gifts of land	13	13	1.7	0	
Markets	Power to provide	18	13	1.0	0	
Meetings of the Council	Duty to meet	5	5	1.2	0	



LCRS 6. Overall Summary

LEWES Town Council Assessment for year 2015 To 2016

Area	Duty	No of risks	Number scored	Avg Score	No of uncontrolled Risks (>3)	Your action plan rank
Newsletters	Power to provide from 'free resource'	7	6	1.3	0	<input type="text"/>
Nuisances	Power to deal with offensive ditches	1	1	2.0	0	<input type="text"/>
Open spaces	Power to acquire land and maintain	11	11	1.7	0	<input type="text"/>
Planning & Development Contr	Rights of consultation	1	1	1.0	0	<input type="text"/>
Play Areas	Power to provide	4	4	2.0	0	<input type="text"/>
Provision of Office Accommod	Power to provide	5	5	1.6	0	<input type="text"/>
Provision of Website/Internet	Power to provide from 'free resource'	2	2	1.5	0	<input type="text"/>
Public buildings and Village ha	Power to provide buildings for offices and for public meetings and assemblies	16	15	1.7	0	<input type="text"/>
Seats		3	3	1.7	0	<input type="text"/>
Shelters & Seats	Power to provide	3	3	1.3	0	<input type="text"/>
Swimming Pool	Power to provide	16	8	2.0	0	<input type="text"/>
Town and Country Planning	Right to be notified of planning applications	3	3	1.0	0	<input type="text"/>
Village Signs	Power to erect (with Highway Authority approval)	4	4	1.0	0	<input type="text"/>
War Memorials	Power to maintain, repair, protect and adapt war memorials	3	3	2.0	0	<input type="text"/>
Web Sites		19	15	1.1	0	<input type="text"/>



LCRS 6. Overall Summary

LEWES Town Council Assessment for year 2015 To 2016

Area	Duty	No of risks	Number scored	Avg Score	No of uncontrolled Risks (>3)	Your action plan rank
		Overall totals/ scores	274	234	1.7	5
<i>Completed by:</i>	S Brigden					
<i>Date:</i>	2nd June 2015					
<i>Position:</i>	Town Clerk					

How to complete:

1. Review each area and the number of uncontrolled risks.
2. Decide which area is at most risk and should be actioned firstly mark this as number One.
3. Repeat on all areas until all uncontrolled areas are allocated.

Agenda Item No: 11 **Report No:** FC004/2015
Report Title: Retention of Internal Auditor
Report To: Full Council **Date:** 18th June 2015
Report By: S Brigden, Town Clerk

Purpose of Report: To recommend retention of an Internal Auditor.

Recommendation(s):

- 1 That Mr Mark Mulberry, of Mulberry & Co., 62 Hurst Lane, East Molesey, Surrey KT8 9DZ be retained as Internal Auditor to Lewes Town Council for the 2015/16 financial year.

Information:

1. The Council is subject to a statutory audit regime defined by The Accounts and Audit (England) Regulations 2011 (SI No 817). These replaced a regime dating from 2003.
2. All local councils are required at least once a year to confirm “in accordance with proper practices”, a review of the effectiveness of their system of internal control including a review of internal audit. Since 2003 (when the earlier regulations were first introduced) this has been reported as part of Lewes Town Council’s published accounts booklet and consistently been remarked as good practice by internal and external auditors.
3. It should be noted that the term *internal* auditor (IA) can be misleading, as this is an independent external consultant, commissioned direct by a Council – contrasting with the *external* audit currently carried-out by government-appointed contractors.
4. The IA has a role in reviewing the effectiveness of control measures that the council decides to put in place and, since 2003, Lewes Town Council has been fortunate to retain the services of IA’s who were extremely experienced in high-level local government financial management. The first was the (then) recently-retired Director of Finance at Wealden District Council. Following his untimely death in 2005, the Council retained another professional, recently retired from an extended career with the District Audit Service (a division of the Audit Commission), who subsequently fully retired at the close of the 2010/11 account year.
5. Both the Society of Local Council Clerks (SLCC) and The Sussex & Surrey Associations of Local Councils (SSALC) maintain (short!) lists of “jobbing” auditors, but there is only one prospect registered who offers experience appropriate to the work of a larger Parish: Mark Mulberry, of Mulberry & Co; a professional accountant and auditor who, coincidentally, manages SSALC’s own finances and who also provides audit services to other larger councils in Surrey and Sussex. Mr Mulberry has acted as IA for Lewes Town Council since the 2011/12 financial year, and has developed a thorough understanding of our particular operating environment.
6. Mr Mulberry is a Chartered Certified Accountant, Registered Tax Advisor; and Registered Auditor with a private practice based in Surrey.
7. A practical plan for internal audit at Lewes is effected in two parts; the first concentrating on systems and procedures and the second on financial aspects. These are carried out in the autumn and spring respectively. As part of the process a written plan and other associated information are provided to ensure the council can fulfil its obligations. At the end of the process a comprehensive report is submitted to council.
8. Fees are charged based on time spent and, as members of SSALC, Lewes enjoys a discount of 50% off the normal commercial rate. In addition there is a small charge for travel cost but not for travel time.
9. Mr Mulberry’s fee is considered extremely reasonable and compares very favourably with other audit costs.

S Brigden
3rd June 2015

Agenda Item No: 14 **Report No:** FC006/2015
Report Title: Fire Alarm system –Town Hall
Report To: Full Council **Date:** 18th June 2015
Report By: S Brigden, Town Clerk

Purpose of Report: To advise of problems arising from the extreme age of the fire alarm system at the Town Hall, and estimated costs of urgently-needed rectification.

Recommendation(s):

- 1 That the first phase of a new fire alarm system at Lewes Town Hall, as described in this report, be agreed; with the estimated cost of £5,814 funded from the approved budget for routine/responsive repairs (shown as A/c 40/6100).

Information:

1 During April and May 2015 the Town Hall was evacuated three times due to fire alarm system activations, causing disruption to work and several third-party events in the building including a wedding. On each occasion the East Sussex Fire & Rescue Service (ESFRS) attended the emergency call and inspected the building before allowing re-entry. The system was reset without problem.

2 Subsequent emergency checks by the Council's contracted service provider found no indication of the cause on the first two occasions, but on the third it was established that the master control panel was failing due to aged components. The failure affects one zone, which covers the Corn Exchange and rear lobby areas of the building.

3 The master control panel is believed to date from the 1960's and utilizes completely outdated electro-mechanical technology for which no components are available. Consequently, the system was temporarily modified to mitigate further false alarms, but no permanent repair is possible.

4 The system has not previously malfunctioned, and has been modified over decades to accommodate some developments such as remote-monitoring via dedicated telephone connection. It has, hitherto, passed ESFRS inspections although acknowledged as incapable of meeting current standards.

5 An initial informal estimate, by the service provider, of the cost to install a new system indicated a sum in excess of £60,000. Further discussions elicited the practical alternative of a phased introduction of a modern system, with a new master control unit fitted close to the existing panel and capable of utilizing the existing cable conduits as any zone failed or was updated. New cabling would replace old within the conduit, and connect with modern sensors in the areas concerned; smoke detectors replacing outmoded rising-rate heat sensors. The first phase – to install a part-system to cover the failed zone – would include a new master control panel and telephone linking equipment. Subsequent phases would link to these components and primarily require only cabling and sensor units.

6 A new system could be installed in phases *ad hoc* in response to future failures, but it should be noted that a complete replacement in the foreseeable future is considered inevitable and a planned approach is recommended due to the daily levels of public use of the Town Hall. Initially, it is recommended that a first phase be installed immediately to address present need and a quotation has been provided in the sum of £5,814 for a fully-compliant (BS5839-1:2013) system. Further phases can be considered in the annual budgeting cycle in the usual way.

7 The approved 2015/16 budget for routine and responsive repairs at the Town Hall is £12,000 and at this stage of the year can accommodate the cost of the recommended works. Should demands arising as the year progresses exhaust the budget, a number of options can be explored by Council to redress the balance. One salient possibility might be to appropriate the £5,000 balance in Reserve R11, earmarked only until 29th October 2015 in respect of a potential liability following closure of the Castle Floodlighting Trust in 2010, which is now considered unlikely to materialize.

S Brigden
9th June 2015