



LEOMINSTER TOWN COUNCIL

FULL COUNCIL

Monday 24th June 2019

To: All Members:
Councillors Thomas (Mayor), Rumsey (Deputy Mayor), Bartlett, Davies, Herschy, Marsh, Marshall, Murdoch, Norman, Preece, Rosser, Smith-Winnard, Sutcliffe, Williams and Williamson (1 Vacancy).

NOTICE OF MEETING

You are hereby summoned to attend a special meeting of the Leominster Town Council to be held on **Monday 24th June 2019** commencing at **19:00 hours** in the Council Offices, 11 Corn Square, Leominster HR6 8YP.

Paul Russell
TOWN CLERK

AGENDA

1. APOLOGIES FOR ABSENCE

Schedule 12 of the Local Government Act 1972 requires a record be kept of the members present and that this record form part of the minutes of the meeting. Members who cannot attend a meeting should tender apologies to the Town Clerk as it is usual for the grounds upon which apologies are tendered also to be recorded. Under Section 85(1) of the Local Government Act 1972, members present must decide whether the reason(s) for a member's absence are acceptable.

2. DECLARATIONS OF INTEREST

Under the Localism Act 2011 (sections 26-37 and Schedule 4) and in accordance with the Council's Code of Conduct, members are required to declare any interests which are not currently entered in the member's register of interests or if he/she has not notified the Monitoring Officer of it.

3. REQUESTS FOR DISPENSATIONS

To consider requests for dispensations (must be notified in writing).

4. END OF YEAR ACCOUNTS 2018/19

- (a) Annual Governance Statement** – To consider the formal adoption of the Annual Governance Statement for 2018/19. Please see attachment.
- (b) Annual End of Year Accounts** – To approve the Council's 2018/19 End of Year accounts. Please see attachment.

LEOMINSTER TOWN COUNCIL

ANNUAL GOVERNANCE STATEMENT

1. **Scope of Responsibility**

- 1.1 Leominster Town 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.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
- 1.3 This Statement explains how the Council has complied with the requirements under the Governance and Accountability for Smaller Authorities in England, A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements.

2. **The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes for the direction and control of the council and its activities through which it accounts to and engages with the community.
- 2.2 The governance framework has been in place at the Council for the year ended 31st March 2019 and up to the date of approval of this new statement. The Accounts and Audit Regulations 2015 require smaller authorities each financial year to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.
- 2.3 The publication of this Annual Governance Statement confirms that Leominster Town Council has undertaken a review of governance arrangements in order to satisfy itself that all appropriate processes and procedures are in place.

3. **Purpose of the System of Internal Control**

- 3.1 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but aims to identify and prioritise risks and the likelihood of them being realised and the impact thereof and to manage them efficiently, effectively and economically.
- 3.2 A system of internal control has been in place at Leominster Town Council for the year ended 31st March 2019.

4. **The Governance Environment**

4.1 Governance mechanisms are in place for the following purposes:

- Focusing on the purpose of the Council and establishing and monitoring the achievement of the Council's objectives and assessing performance;
- Facilitating policy and decision making;
- Ensuring compliance with established policies, procedures, laws and regulations;
- Embedding risk management as an activity of the Council, including how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to the Council and their duties;
- Seeking to ensure that continuous improvement occurs in the way the Council exercises its functions including regular training sessions for members and officers;
- Ensuring Value for Money – the Council is constantly seeking to ensure that its resources are used economically, effectively and efficiently;
- Utilises staff and management innovations and the findings of external agencies and inspections to help drive improvements;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Continuing improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness as required when seeking to achieve value for money;
- Arrangements are in place to research residents' views and consult on policies and proposals of the Council;
- Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour. The behaviour of councillors in particular is regulated through a Code of Conduct. In addition, Herefordshire Council has the duty of maintaining high standards of conduct in public office through its Monitoring Officer and Standards Committee roles, and arranging training on ethical matters for parish and town councils.
- Ensuring employees comply with Council policies on conduct and behaviour;
- Ensuring policy and decision making are facilitated by a clear framework of delegation set out in the Council's Standing Orders;
- Dealing with comments and complaints relating to service;
- Ensuring the financial management of the Council and reporting on financial management and in particular integrating the following financial management principles within the system of internal control:
 - Compliance with Standing Orders and Financial Regulations which are regularly reviewed.
 - Compliance with budgetary procedure requirements
 - Segregation of financial responsibilities
 - Management supervision
 - Accountability of staff as budget holders
 - Monitoring of budgets for over and underspends.
 - Regular periodic reviews and financial reports

- Regular reports showing actual expenditure and income against forecasts for reporting on and reviewing financial performance
- Clearly defined budget setting and capital expenditure guidelines
- Regular monitoring of reserves/balances
- Compliance with formal project management disciplines
- Compliance with risk management procedures
- A robust approach to insurance and claims management.

4.2 Risk Management and Internal Audit:

- Management of risk: The Council has an established Financial Risk Management Policy.
- During the year the Internal Auditor reported to the Town Clerk. All reports are considered by the Finance & General Purposes Committee.
- The Council has a health and safety policy, which includes the carrying out of risk assessments and provides an on-going training programme to ensure continuous improvement of its practices and procedures.
- The Council retains the services of an external Health & Safety Advisor.
- The Council also retains the services of an independent internal auditor.
- The Council takes fraud, corruption and maladministration seriously.

5. Review of Effectiveness

- 5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- 5.2 The review of effectiveness is guided by the work of the Town Clerk who has responsibility for reviewing the effectiveness of the development and maintenance of the governance environment. The Council is also equally guided by the work of their independent Internal Auditor and comments made by their external auditors.
- 5.3 The process agreed by the Council which is applied in maintaining and reviewing the effectiveness of governance arrangements, including the system of internal control includes:
- Distribution of monthly schedule of payments to the Finance & General Purposes Committee for scrutiny and comment.
 - The Finance & General Purposes Committee receives all internal and external audit reports.
 - Reporting on any issues relating to value for money to ensure use of resources in an economical, effective and efficient way.
 - Approval through the relevant Standing Committees of budget plans, the subsequent collation of comments for policy guidance at the Town Council meeting on the setting of the budget and any Precept requirements for the following year.
 - Responsibility through the Finance & General Purposes Committee for receiving regular reports on work in progress and to be programmed for the future on internal audit and external audit functions.
 - Where any recommendations are made either by the Internal Auditor or the external auditor suggesting improvements to the effectiveness of the

systems of governance and internal control, a plan of action will be agreed with the Town Clerk within a reasonable period to address weaknesses and to ensure agreed action is undertaken.

- 5.5 Having implemented risk management as part of their Corporate Governance arrangements the Council will continue during 2018/19 to develop these risk management arrangements to ensure they are sufficiently embedded and effective.
- 5.6 The Council will also co-operate during 2018/19 with any internal or external audit work and will address any weaknesses and also consider implementation of any recommendations which may affect improvements within these areas of activity.

6. Significant Governance Issues

- 6.1 Should the Council receive from their independent Internal Auditor or from their external auditors or any other agency a report on any matter which is considered to be one of significant corporate governance and/or internal control, such matters will be reported to and will be personally investigated by the Town Clerk who will submit a report to the Finance & General Purposes Committee as soon as practicable on the implications thereof to seek guidance and instruction on any action to be taken.

7. Annual Governance Statement 2018/19

- 7.1 Leominster Town Council has ensured there is a sound system of internal financial control and has taken the following actions:

	Yes	No	Actions taken
1. We have put in place arrangements for effective financial management during the year, and for preparation of the accounting system	<input checked="" type="checkbox"/>		<p>Accounts have been prepared according to the Accounts and Audit Regulations 2015.</p> <p>Bespoke accounting software has been used (Rialtas RBS)</p> <p>A quarterly financial healthcheck has been carried out by Microshade Business Consultants Ltd.</p> <p>Monthly financial reports have been submitted to the Finance & General Purposes Committee and Full Council for scrutiny.</p> <p>Two internal audits have been undertaken during the financial year.</p>
2. We maintain an adequate system of internal control, including measures designed to prevent and detect fraud	<input checked="" type="checkbox"/>		<p>A financial Risk Register was reviewed, updated and adopted on 29th April 2019.</p>

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and corruption and reviewed its effectiveness			
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 this smaller authority to conduct its business or on its finances.	<input checked="" type="checkbox"/>		All Council activities and expenditure have been delivered through the powers and duties held by Local Councils and the relevant statutory provision.
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.	<input checked="" type="checkbox"/>		All Council meetings are open to the public. Members of the public are encouraged to attend Council and Committee meetings and there is an opportunity to ask questions on all aspects of Council business. All agendas are published in full on the Council's website. The Town Council developed a Corporate Strategy and a Medium Term Financial Plan in 2018, which outlines the Councils aims and objectives. The monthly financial reports presented to Full Council and the Finance & General Purposes Committee are published on the website as part of the relevant agenda.
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required	<input checked="" type="checkbox"/>		A Financial Risk Register was adopted in April 2019. An Internal Controls document was adopted by Council on 22 nd February 2016 and is reviewed as required. Insurance cover was reviewed and updated in 2016. The final year of the 3 year agreement is 2018/19.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems	<input checked="" type="checkbox"/>		Quarterly financial healthchecks were undertaken by Microshade Ltd. Internal audits carried out by Iain Selkirk.
7. We took appropriate action on all matters raised in reports from internal and external audit.	<input checked="" type="checkbox"/>		An action plan was developed following the 2018/19 internal and external audit and that plan was formally considered by the Finance & General Purposes Committee along with an update.

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 this smaller authority and, where appropriate have included them in the accounting statement	☑		Council did not receive any insurance claims during the year. Any claims received are dealt with by the Council's insurer, Zurich Municipal.
9. The Town Council is not sole manager of any Trust Funds	☑		Not applicable.

8. Approval of Statement

8.1 This statement is to be approved by the Full Council on Monday 24th June 2019 when authority was granted for the Mayor and Town Clerk to sign.

Town Mayor

Town Clerk

On behalf of Leominster Town Council