

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES  
COMMITTEE HELD ON WEDNESDAY 7th APRIL 2004 AT 11.00 a.m.  
AT THE PAVILION, MANOR FIELD**

Present : Cllr Mr L Abraham  
Cllr Mr C Alford (Chairman)  
Cllr Mr A Barnett  
Cllr Mr J Gaywood  
Cllr Mr Ramsay

**1. Apologies**

No apologies had been received.

**2. Minutes**

RESOLVED: That, the minutes of the meeting of the Finance and General Purposes Committee held on 18th March 2004 be approved and signed as a correct record.

**3. Declarations of Interest**

There were no declarations of interest.

**4. Accounts for the year ended 31st March 2004**

It was reported that the Council had received notice that the Annual Return for the financial year ending 31<sup>st</sup> March 2004 shall be returned to the Audit Commission by 1<sup>st</sup> June 2004 with the following documentation; (1) a completed annual return, (2) financial year end bank reconciliation and (3) an explanation of any significant variances in the statement of accounts. The Audit Commission has informed the Council that it will be undertaking a basic audit on the accounts. The notice of appointment of date for the exercise of electors' rights has been displayed on the Council's noticeboard and electors may inspect the accounts from 30th April to 28th May 2004.

The Committee noted that as the Council's annual income during the year ended 31<sup>st</sup> March 2004 had exceeded £100,000 it would be necessary to provide the following additional information to the Audit Commission; (1) any documentation relating to the arrangements in place for the management of risk, including minutes of action taken (or not taken) to address any risks identified, (2) Annual Report by Internal Audit or Internal Auditor's report on the internal controls, (3) bank statements showing the bank balance for all accounts as at 31<sup>st</sup> March 2004 and (4) any documentation relating to action taken by the Council to address issues raised in Internal and External audit reports.

The Committee examined a financial report setting out the payments and receipts made by the Council from 1st April 2003 to 31st March 2004 and identified that although there had been an overspend on some items of expenditure, overall the Council had increased its end of year balance in the General Fund to approximately £50,000. The Committee noted that due to the uncertainty facing the Council last year, it had been necessary to make some financial provision within the 2002/03 budget to defend the legal challenge lodged against the Council at the end of 2002 and whilst the legal action had concluded in May 2003, the cost to the Council, both in terms of legal costs and additional staffing, had been met over two financial years.

The Council considered the completion of Section 2 of the Annual Return, which requires the Council to address a number of assurances relating to its accountability.

RECOMMENDED: That

(1) the accounts for the year ended 31st March 2004 as set out in the income and expenditure account, balance sheet, bank reconciliation at 31st March 2004, working documents identifying last years and this years debtors and creditors and Section 1 of the Annual Return – The Statement of Accounts, attached as appendix 1 to these minutes, be approved and,

(2) the statement of assurance be approved as set out below:

“We acknowledge as the members of Hartley Parish Council our responsibility for the preparation of the statement of accounts and confirm to the best of our knowledge and belief with respect to the councils statement of accounts for the year ended 31 March 2004 in section 1 that:

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| 1. We have approved the statement of accounts which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.  | Yes |
| 2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption.  | Yes |
| 3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the council to conduct its business or on its finances. | Yes |
| 4. We have provided proper exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.   | Yes |
| 5. We have carried out an assessment of the risks facing the council and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.  | Yes |
| 6. We have maintained an adequate and effective system of internal audit of the council’s accounting records and control systems.  | Yes |
| 7. We have taken what we consider to be appropriate action on all matters raised in previous reports from the internal and external auditors.  | Yes |
| 8. We have 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 statement of accounts.                                  | Yes |

## 5. Risk Assessment

The Committee considered a number of alterations to the Council’s Financial Risk Assessment.

RECOMMENDED: That, the financial risk assessment attached as appendix 2 to these minutes be approved.

## **6. Assets Register**

The Committee reviewed the Council's Asset Register

RECOMMENDED: That, the Asset Register attached as appendix 3 to these minutes be noted.

## **7. Insurance**

The Committee examined the Council's Schedule of Insurance dated 19th January 2004 and noted that the book stock is still shown under Section 2, Part A of the Council's policy in respect of damage to property.

RECOMMENDED: That, as the book stock had been written off, the Council's insurers be asked to remove the stock from the Council's insurance policy.

## **8. Audit 2002/03**

(a) At the previous meeting of the Finance and General Purposes Committee, it was reported that a local elector had raised two further queries on the accounts for the year ending 31<sup>st</sup> March 2003, which required further information to be obtained from solicitors, Mayer, Brown, Rowe & Maw. The solicitor has now provided the additional information and the Clerk has responded to the local elector accordingly.

RESOLVED: That, the Clerk's response to queries raised by a local elector relating to professional fees incurred during the legal action in the High Court and Court of Appeal last year be noted.

(b) It was reported that a local elector had written to the Audit Manager with further queries relating to expenditure authorised under Section 137 in relation to litter picking. The auditor has responded to the local elector stating that he does not consider the expenditure to be unlawful and will not be taking any further action. Further to this, the Clerk has written to the Audit Manager confirming the Council authorised expenditure for litter picking on highway verges under Section 137 and has provided copies of the minutes as evidence to show that it conducts its affairs properly.

RESOLVED: That the correspondence from the Audit Manager in respect of powers to undertake litter picking on highway verges be noted and the Clerk's response to the Audit Manager be confirmed.

(c) It was reported that a local elector had written to the Audit Manager questioning (1) the legality of the action taken by the Council to defend itself against the recent legal challenge lodged in the High Court and Court of Appeal and (2) itemised telephone accounts. The response sent by the Council was read to the Committee.

RESOLVED: That, the Clerk's response to the Audit Manager be confirmed.

## **9. Housing Strategy**

The Committee considered the Sevenoaks District Council's Housing Strategy 2003, drawing particularly attention to the Council's policy to encourage the development of sustainable rural areas. The Committee feared that the implementation of this policy would place pressure to develop land within the Green Belt and that the Parish Plan Working Group may care to take this matter into account when preparing the Parish Plan. The Committee endorsed the Community Safety Partnership's programme to reduce crime.

RESOLVED: That the Sevenoaks District Council's Housing Strategy 2003 be noted.

**10. Relocation of the Parish Office**

The Committee considered correspondence from the architect confirming that he was seeking pre tender estimates for the building works from three contractors. The architect had also suggested a programme of works for both the pre tender and the building works and advised the Council of his professional fees to prepare drawings and specification for the building regulation approval, to prepare the tender documentation and to monitor the works on site.

RESOLVED: That, the matter be deferred pending the receipt of information in respect of the pre tender estimates.

**11. Bank Transfers**

The Clerk reported on the present arrangements for the transfer of funds from the Council's Business Reserve Account to the Current Account. Currently transfers are authorised by a verbal instruction from the Clerk to the Business Manager at Longfield. The Business Reserve Account is subject to a 7 day withdrawal notice, but this is waived by the Business Manager and the transfer goes through on the same day as requested. The Clerk has been informed that this arrangement is to be changed and a Business Team will now handle all transfers. Future contact with the Business Team must be undertaken through one of the authorised signatories to the Council's accounts and at least 7 days notice will be required. The Clerk will no longer be able to make arrangements for any transfers, as she is not a signatory to the Council's accounts. This arrangement will take effect in May.

RESOLVED: That, (1) the Clerk's report be noted and (2) in future the bank be instructed to transfer funds from the Business Reserve Account to the Current Account by means of a written letter of authority prepared by the Clerk and signed by one of the three authorised signatories.

**12. Data Subject Access Request**

The Clerk updated the Committee on the current position on the data subject access request, which was duly noted.

**13. Legal Action in the Gravesend County Court**

The Clerk updated the Committee on the current position on the legal action in the Gravesend County Court, which was duly noted.

**14. Date of the next meeting**

Friday 14<sup>th</sup> May 2004 at 10.00 a.m.

The meeting closed at 12.30 p.m.

Signed:.....

Date:.....

Chairman of F & G P Committee

**HARTLEY PARISH COUNCIL**

**Financial Risk Assessment**

**INCOME**

Precept	Primary income of the Council	Failure to set a precept could result in insufficient income to meet ongoing financial commitments and liabilities	<del><b>S.O 47</b></del> <b>F.R 2.3 &amp; 2.4</b>	<ol style="list-style-type: none"> <li>1. Ensure precept is approved by the Council no later than at its January meeting and notify Sevenoaks District Council by the end of January</li> </ol>
Allotments	Rent from allotment holders	Lack of control could result in misappropriation of cash	<b>F.R 9.6</b> <b>F.R 9.5</b> <b>F.R 4.1</b> <b>F.R 4.1</b> <b>F.R 4.1</b> <b>F.R. 9.3</b> <b>F.R 15.5</b>	<ol style="list-style-type: none"> <li>1. Ensure receipts are issued for all income</li> <li>2. Bank cash and cheques on weekly basis</li> <li>3. Cash recorded on Scribe as cash payment and in paying in book</li> <li>4. Cheques recorded on Scribe as cheque payment and in paying in book</li> <li>5. All credits to Council's current bank account reconciled with Scribe on a monthly basis</li> <li>6. Review charges annually</li> <li>7. <b>Ensure adequate fidelity guarantee insurance and review fidelity guarantee insurance regularly</b></li> </ol>

**APPENDIX 2**

Burial Ground fees	Fees charged in connection with interments in the Burial Ground Garden of Remembrance and approvals to memorials, inscriptions and bronze plaques	Lack of controls could result in loss of income; misappropriation of cash	<b>F.R 9.6</b>	<ol style="list-style-type: none"> <li>1. Ensure receipts are issued for all income.</li> <li>2. Bank cash and cheques on weekly basis</li> <li>3. Cash recorded on Scribe as cash payment and in paying in book</li> <li>4. Cheques recorded on Scribe as cheque payment and in paying in book</li> <li>5. All credits to Council's current bank account reconciled with Scribe on a monthly basis</li> <li>6. Review charges annually</li> <li>7. <b>Ensure adequate fidelity guarantee insurance and review fidelity guarantee insurance regularly</b></li> </ol>
			<b>F.R.9.5</b>	
			<b>F.R 4.1</b>	
			<b>F.R 4.1</b>	
			<b>F.R 4.1</b>	
			<b>F.R 9.3</b>	
			<b>F.R 15.5</b>	
Hire of sports pitches and Pavilion at Manor Field	Fees charged to hire the Council's facilities at Manor Field	Lack of controls could result in loss of income; misappropriation of cash	<b>F.R 9.6</b>	<ol style="list-style-type: none"> <li>1. Ensure receipts are issued for all income.</li> <li>2. Bank cash and cheques on weekly basis</li> <li>3. Cash recorded on Scribe as cash payment and in paying in book</li> <li>4. Cheques recorded on Scribe as cheque payment and in paying in book</li> <li>5. All credits to Council's current bank account reconciled with Scribe on a</li> </ol>
			<b>F.R 9.5</b>	
			<b>F.R 4.1</b>	
			<b>F.R 4.1</b>	
			<b>F.R.4.1</b>	

**APPENDIX 2**

monthly basis

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| <p><b>F.R 9.3</b><br/><b>F.R 15.5</b></p>   | <p>6. Review charges annually</p> <p>7. <b>Ensure adequate fidelity guarantee insurance and review fidelity guarantee insurance regularly</b></p>  |
| <p><b>F.R 9.6</b><br/><b>F.R 9.5</b><br/><b>F.R 4.1</b><br/><b>F.R 6.1</b><br/><b>F.R.4.1</b><br/><b>F.R 15.5</b></p> | <p>1. Ensure receipts are issued for all income</p> <p>2. Bank cash and cheques on weekly basis</p> <p>3. Cash recorded on Scribe as cash payment and in paying in book</p> <p>4. Cheques recorded on Scribe as cheque payment and in paying in book</p> <p>5. All credits to Council's current bank account reconciled with Scribe on a monthly basis</p> <p>6. <b>Ensure adequate fidelity guarantee insurance and review fidelity guarantee insurance regularly</b></p> |

<p>Sales from garden waste sacks</p>	<p>Garden waste sacks sold to members of public at Parish Office</p>	<p>Lack of control could result in misappropriation of cash</p>
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**EXPENDITURE**

<p>Purchase orders</p>	<p>Goods, services and works acquired on behalf of the Council</p>	<p>Failure to observe Standing Orders could lead to overpayment or improper acquisitions</p>	<p><del>S.O 65 (a) to (j)</del> <b>F.R 10.1, 10.2 &amp; 11.1 (h)</b></p>	<p>1. Orders for stationery through Kent County Supplies to be entered into purchase order book <b>controlled by the Proper Officer</b> and checked against statement on delivery</p>
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**APPENDIX 2**

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| <b>S.O 42<br/>F.R 3.1, 5.2 &amp;<br/>10.1 to 10.4</b>   | 2. All orders for the purchase of other goods and services to be approved by Council in compliance with Standing Orders <b>and Financial Regulations</b>    |
| <b>F.R 10.1</b>   | 3. All orders for the purchase of goods and services other than stationery to be in confirmed in writing  |
| <b>F.R 17.1</b>   | 4. Review Standing Orders <b>annually and Financial Regulations from time to time</b>   |
| <b>S.O. 33 &amp;<br/>S.O. 45 (a) to<br/>(c) F.R 6.2</b> | 1. Invoices amounts checked against cheques before authorised by the Council <b>for payment shall be examined, verified and certified by Proper Officer</b> |
| <b>S.O 42 , F.R<br/>5.3 &amp; 5.4</b>                   | 2. Cheques signed by two councillors (cheque stubs countersigned)   |
| <b>S.O 42, F.R 5.2</b>                                  | 3. All payments authorised by resolution at Council meetings unless otherwise provided by <del>S.O. 45(b)</del> <b>Financial Regulation 3.3</b>             |
| <b>S.O 42 ,<br/>F.R 5.3</b>                             | 4. Ensure Clerk is not a signatory to the Council's bank accounts   |
| <b>Requirement<br/>of Council's<br/>bankers</b>         | 5. No blank cheques to be signed<br>6. <b>Authorised signatories</b> Clerk and assistant Clerk only to administer the bank accounts and make                |

Purchase payment	For goods, services and works on behalf of the Council	Potential for over payment; inappropriate payments and unauthorised withdrawals
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**APPENDIX 2**

			<i>Requirement of Council's banker</i>	
				transfers
				7. Number of bank signatories restricted to <del>four</del> <b>three</b> councillors
Petty Cash	Minor operating expenses of the Council	Inadequate controls could lead to misappropriation of funds; unauthorised expenditure	<i>F.R 6.5 (a) F.R 6.5 (b) F.R 6.5 (c)</i>	1. Undertake monthly reconciliations 2. <b>Maintain vouchers for payments made from petty cash a/c.</b> 3. <b>Ensure income received in not paid into petty a/c</b> 4. <b>Payments from petty cash a/c shown separately on schedule of payments</b>
Payroll	Payment of wages and salaries to Council employees	Failure to deduct correct tax, NI and pension contributions; failure to comply with current legislation on employment terms and conditions; payment of fictitious staff	<i>F.R 4.4 S.O 42 , F.R 5.3, 6.1 &amp; 7.2 F.R 7.1</i>	1. Undertake regular internal audits 2. All individual salary payments authorised monthly by resolution at Council meetings and paid by cheque 3. Monthly salary cheques checked against pay slips
<b>AUDIT</b>				
Internal Audit	Review of systems and controls implemented by Council	Failure to secure independent internal audit would contravene Audit Regulations	<i>F.R 4.4 F.R 17.1</i>	1. Appoint independent and competent internal auditor 2. Review Standing Orders <b>annually and Financial Regulations from</b>

**APPENDIX 2**

***time to time***

External Audit	Completion of the audit process	Failure to comply with statutory requirements for completion and publication of Audit	<b><i>F.R 17.1</i></b>	1. Review Standing Orders <del>annually</del> <b><i>and Financial Regulations from time to time</i></b>
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**INSURANCE**

Insurance	Insurance cover provided for Council's legal liabilities, assets (where appropriate) and financial activities	Inadequate cover could lead to financial loss and legal claims against the Council	<b><i>F.R 15.1</i></b>	1. Review insurance schedule annually
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**ASSETS**

Asset Control	Record of Council's assets and investments	Failure to maintain review could result in under insuring Council assets and result in financial loss	<b><i>F.R 15.1</i></b> <b><i>F.R 5.1</i></b>	1. Review asset register annually. 2. Review insurance cover annually 3. Review investments regularly
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**ACCOUNTS**

Book keeping	Record of the Councils receipts and payments	Inaccurate, or failure to maintain records properly could lead to loss of income; overcharging by suppliers or misappropriation of Council funds	<i><b>F.R 17.1</b></i>  <i><b>F.R 4.1</b></i>  <i><b>F.R 5.2</b></i>	<ol style="list-style-type: none"> <li>1. Review Standing Orders <del>annually</del> <b>and Financial Regulations from time to time</b></li> <li>2. Record all the Councils receipts and payments onto Scribe</li> <li>3. Report monthly to Council on its net financial position</li> </ol>
Bank reconciliation	Check of the Council's transactions in the form of receipts and payments against bank statements	Failure to undertaken monthly reconciliation could result in loss of income, inappropriate payments or misappropriation of funds	<i><b>F.R 4.1</b></i>	<ol style="list-style-type: none"> <li>1. Undertake monthly bank reconciliation of all the Council's accounts</li> </ol>
Direct debits	Direct debit to public works loan board half yearly	Fictitious payments		<ol style="list-style-type: none"> <li>1. All new direct debits to be agreed by Council</li> </ol>

**APPENDIX 2**

Year end accounts	Statement of financial activity of the Council for each year	Failure to provide an accurate statement of the Council's financial transactions for each year.	<del>S.O. 46</del> <b>F.R 4.3</b>	1. Report year end statement indicating the Council's financial activity throughout the year to Finance Committee for consideration before adoption by the Council
<b>BUDGET</b>				
Annual budget	Statement of Council's estimated income and expenditure	Risk of failure to raise adequate funds for services provided by the Council and to honour ongoing financial commitment and liabilities; over/under statement of Precept	<del>S.O. 47</del> <b>F.R 2.1 &amp; 2.3</b>  <b>F.R 2.3 &amp; 2.4</b>  <b>F.R 17.1</b>	1. Finance Committee to prepare annual budget in consultation with other Council committees. 2. Budget to be approved by Council in December or January of each year in order that District Council may notified of Precept before the end of January 3. Review standing orders <del>annually</del> <b>and Financial Regulations from time to time</b>
Budget monitoring	Check actual income and expenditure against estimates	Failure to do so could result in Council exceeding its budget allocations	<b>F.R 3.2</b>	1. Finance Committee to undertake quarterly reviews of actual income/expenditure against estimates and report to Council

**APPENDIX 2**

***F.R 3.2***

2. Net financial position reported monthly at Council meetings

**OTHER**

Financial records	Records of Councils financial transactions	Failure to ensure safe keeping and updating of records	<b><i>F.R 17.1</i></b>	<ol style="list-style-type: none"><li>1. Review Standing Orders <del>annually</del> <b><i>and Financial Regulations from time to time</i></b></li><li>2. Ensure all financial records are held by the Council for the statutory requirement</li></ol>
Data protection	Protection of Council's financial records	Failure to protect could result in lost data		<ol style="list-style-type: none"><li>1. Back up Scribe and all computer systems on a weekly basis</li><li>2. Ensure one copy of back up systems to be stored outside the Parish Office</li></ol>

\* ***draft alterations indicated in bold italics***

**INVENTORY OF LAND AND PROPERTY OWNED BY HARTLEY PARISH COUNCIL**

<b>Ref No</b>	<b>Description</b>	<b>Location</b>	<b>Date acquired</b>	<b>Purchase Cost</b>	<b>Acreage</b>	<b>Value</b>	<b>Disposal</b>	<b>Notes</b>
001	Public Open Space	Woodland Avenue	1961 -68	£14,900	1.27	Nil		
002	Public Open Space	Chantry Avenue	1978 - Dedicated by developer	Nil	1.5	Nil		
003	Public Open Space	Gorse Wood		£1.00 - Nominal fee to Sevenoaks District Council	2.9	Nil		
004	Public Open Space	Manor Field	1975	£10,000	10	Nil		
005	Public Open Space	Longfield Hill	1987- Acquired from Longfield Parish Council following boundary change	Nil	3.23	Nil		
006	Public Open Space	Rectory Meadow	April 1997	£15,500	5	Nil		
007	Public Open Space	Billings Hill Shaw	1978 - Bought from developer	£2,450	4	Nil		
008	Village Green	Hartley Green	1975 - Common land vested in Local Authority	Nil	-	Nil		
009	Village Green	Hartley Court Green	Date acquired not known	Nil	-	Nil		
010	Wood	Foxborough Wood - Small area of land adjacent to Grange Lane	1939 - Given to Parish Council for Burial Ground but found to unsuitable	Nil	344' x 160'	Nil		

011	Pavilion	Manor Field	1993	£110,000 - Building costs. Financed by Sevenoaks District Council with £6,500 contribution from Parish Council, Hartley Village Fete, Hartley Sports Club and Hartley Manor Cricket Club	N/A	£152,077.23 (Insurance value) * Insurance value reassessed on 1st June 2003
012	Burial Ground	Church Road	1956	£800	N/A	Nil

In accordance with Chartered Institute of Public Finance and Accountancy community land is valued at Nil

**SCHEDULE OF ASSETS**

Ref No	Description	Location	Date acquired	Value	Disposal
013	Playground equipment (Double junior swing, slide, play wall, football posts)	Woodland Avenue	Play wall - 1998. Other equipment not known	)	
014	Playground equipment (Infant swing, junior swing, 2 rockers, roundabout and slide, basket ball frame, five aside football posts)	Chantry Avenue	1998	) £14,902.74 *	(Value of equipment @ 31/3/02 was £19,870.31) * Depreciation calculated @ 25% p.a.
015	Playground equipment (Slide, junior swing)	Longfield Hill	1987	)	
016	Fences and gates	Various	-	£1,920 (historical value)	
017	Shed	Burial Ground	Not known	£430.74 (insurance value)	

**APPENDIX 3**

018	Gardening tools	Shed @ Burial Ground	Not known	£110.31 (insurance value)	
019	Chairman's chain of office	Chairman	1998	£950.00 (insurance value)	
020	Books	Pavilion, Manor Field	1996	£1,835.25 (balance sheet valuation 31/3/01)	Written off 13th December 2001 minute ref 13 (b)
021	Printer - Hewlett Packard 870cxi	Parish Office	Not Known	)	
022	Printer - Hewlett Packard 959c	Parish Office	2001	)	
023	Computer	Parish Office	1995	) £12,000 (insurance value)	
024	Computer serial no W000828287	Parish Office	2001	)	
025	Office furniture (2 no pedestal desks, 2 no filing cabinets)	Parish Office	2001	)	
026	Telephone/fax	Parish Office	1999	)	

**INVENTORY OF LAND LEASED BY HARTLEY PARISH COUNCIL**

Ref No	Description	Location	Date of commencement of lease	Cost	Acreage	Value	Disposal
027	Public Open Space	Northfield	10th March 1999	£1.00 p.a.	65	Nil	
028	Allotments	Woodland Avenue	30th July 1982	£1.00 p.a. (lease) plus £200 p.a ( licence)	Not known	Nil	

