

# Crewe Town Council

## Finance and Governance Committee

1 Chantry Court  
Forge Street  
Crewe  
CW1 2DL



26<sup>th</sup> November 2019

To: **Members of the Finance and Governance Committee**

Dear Councillor,

You are summoned to attend the meeting of the Finance and Governance Committee to be held at 7pm on **Monday 2nd December 2019** at the Council Offices, 1 Chantry Court, Forge Street, Crewe, CW1 2DL.

Yours sincerely,

Steve McQuade  
Town Clerk

### **Business to be transacted**

1. To receive apologies for absence
2. To note declarations of Members' interests
3. To confirm and sign the minutes of the meeting (Finance and Governance Committee) held on 16<sup>th</sup> September 2019 (***attached page 4***)
4. Public Participation  
A period not exceeding 15 minutes for members of the public to ask questions or submit comments
5. To review the year to date expenditure for the Committee and for Council as a whole and to review and consider debts to the Council – **See agenda notes**, income & expenditure tables for Council (***attached page 6***) and Committee (***attached page 8***), debt summary (***attached page 11***) and current status of ear marked reserves (***attached page 12***).
6. To consider an update from the Leader in relation to strategic dialogue with Cheshire East.
7. To receive and consider a report from Internal Member audit (***attached page 13***)
8. To receive and consider the interim audit report from the Internal Auditor including the draft responses to the recommendations (***attached page 15***)
9. To consider allocating funds to commission work at Hungerford Road Allotments to potentially address concerns in relation to aged trees and balsam<sup>1</sup>.

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<sup>1</sup> Cllr John Rhodes raised the matter following a site visit in his capacity as lead member for allotments.

10. To consider a request from the Railwaymen Supporters Society for the Town Council to subscribe to a share issue
11. To consider the implications as part of the Strategic Review of the monies in the Marketing and Events Budget to support the Council's marketing and social media infrastructure<sup>2</sup>.
12. To consider matters related to the future accommodation needs of the Town Council
13. To consider matters related to the Committee budget for 2020/21 (**draft circulated**)
14. To consider matters related to the Council budget for 2020/21
15. It is recommended that Committee considers a resolution under Section 1 of the Public Bodies (Admission to Meetings) Act 1960 to exclude the public and representatives of the press from the meeting during the consideration of Item 16 on the grounds that matters contain sensitive information and by reason of the confidential nature of the business being transacted.
16. To consider interim management and staffing arrangements in the period until a new Town Clerk is in post. (**report circulated**).
17. To consider the date of the next meeting (24th February 2020)

## Agenda Notes

### Item 5 – Financial position

There are four reports supporting the financial information dated 22<sup>nd</sup> November. The chart below shows the position at the end of month 7 i.e. the start of November. The general picture is that expenditure remains almost exactly on budget and income exceeds budget. Note that the income is inflated due to the Beechmere fund which will in turn inflate expenditure once paid out.

The Council position is therefore 'on track'.

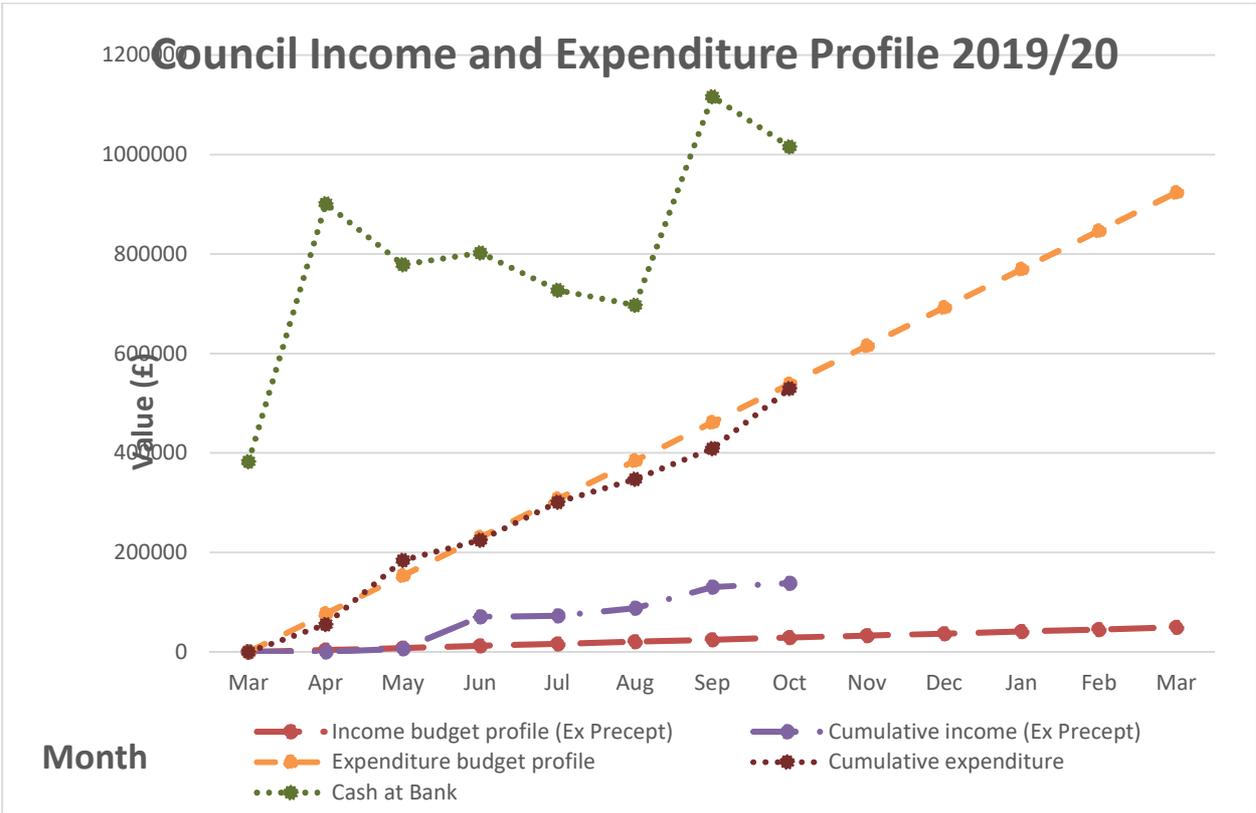
The Committee is above its projected budget mainly as a consequence of the payroll budget which was increased by members earlier in the year and an increased spend on 'one off' building works.

The outstanding invoices are not of concern, but the older ones do need to be chased up before year end. Note that some of the older invoices do relate to booking in advance and as such may not be as old as they appear.

The ear marked reserves table is reproduced, the key point here is that the monies carried over for the funding of the SIOs is sitting as an EMR. This can be used to address the technical overspend in payroll.

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<sup>2</sup> The Committee recognised the need for increased resource in this area, but is seeking guidance from F&G as to whether these funds should be used to commission external support or invest in an internal resource.



# Crewe Town Council

## Finance and Governance Committee

1 Chantry Court  
Forge Street  
Crewe  
CW1 2DL



### Minutes of the meeting held on Monday 16<sup>th</sup> September 2019

- 19/2/01** Present  
Cllrs Cosby, Dunlop, Jill Rhodes, John Rhodes, Roberts and Straine-Francis.  
  
In attendance: Cllr Minshall, Steve McQuade (Town Clerk)
- 19/2/02** To receive apologies for absence  
Apologies were received and accepted from Cllrs Buckley, Flude and Messent.
- 19/2/03** To note declarations of Members' interests  
Cllr Cosby declared an interest as his partner is Secretary to the Railway Cottages Residents Association.
- 19/2/04** To confirm and sign the minutes of the meeting held on 1<sup>st</sup> July 2019  
The minutes of the previous meeting were agreed as an accurate record and signed.
- 19/2/05** Public Participation  
A period not exceeding 15 minutes for members of the public to ask questions or submit comments  
Representatives from the Railway Cottages Residents Association asked members for support and set out the context of their request for funding to enhance the heritage value of the Cottages.  
  
Mr Mike Christelow also spoke in favour of supporting the Residents Association as a means of backing improvements in the town's heritage.
- 19/2/06** To review the year to date expenditure for the Committee and for Council as a whole and to review and consider debts to the Council  
Members noted the information presented.
- 19/2/07** To consider an update from the Leader in relation to strategic dialogue with Cheshire East.  
Cllr Jill Rhodes provided the following updates:
- There is an expected meeting between respective Leaders in October.
  - Dialogue has taken place with senior Managers supporting redevelopment projects in the town centre including the Royal Arcade.
  - Dialogue continues on projects related to expenditure such as Future High Streets Funding.
- 19/2/08** To consider matters related to the production of a strategic plan and the recruitment of a Proper Officer and RFO<sup>1</sup>.

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<sup>1</sup> Cllr Minshall left the meeting during this item.

Chairman's Initials.....

Members noted the report of the Clerk and agreed to recommend to Council that:

- The Clerk organise an opportunity for nominated members to meet prospective suppliers and for those members to appoint the chosen supplier to undertake both tasks or to split the work.

**19/2/09** To consider issues related to the Clock Tower (Big Bill).

Members recognised the public's concern over the future of the clock tower and agreed that:

- The Clock should be preserved and ideally appropriately reused as soon as possible.
- Council supports the transfer and storage of the valuable heritage elements of the clock such that they can be safely stored with the Heritage Centre.
- Council expects that Cheshire East will manage the transfer of the heavy items making up the clock to the storage facility at the Heritage Centre.
- Council funds would be found to illuminate the clock in its final Christmas season at a cost of circa £400.

**19/2/10** To consider matters related to the future accommodation needs of the Town Council Members reviewed the paper presented by the Clerk and agreed that:

- The Clerk identify the potential options to secure control of the neighbouring unit.
- The Clerk secure a cost from Cheshire East to rent space in the Municipal Building.

**19/2/11** To consider the provision of financial support related to the request from the Railway Cottages Residents Association<sup>2</sup>

Members reviewed the issues raised by the Residents Association and agreed that:

- That the Clerk support the Resident's Association in controlling the £9k of expenditure associated with the proposal.

**19/2/12** To consider the date of the next meeting (2<sup>nd</sup> December)  
Member noted the date of the next meeting.

**Meeting Closed: 9:06**

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<sup>2</sup> This item was dealt with immediately after public speaking.

Chairman's Initials.....

## Summary Income &amp; Expenditure by Budget Heading 22/11/2019

Month No: 8

## Committee Report

	Actual Current Mth	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
<b><u>Finance &amp; Governance</u></b>							
Income	574	883,408	879,400	(4,008)			100.5%
Expenditure	38,548	254,963	310,400	55,437	0	55,437	82.1%
Net Income over Expenditure	<u>(37,974)</u>	<u>628,445</u>					
plus Transfer From EM Reserves	0	-1,000					
less Transfer to EM Reserve	0	0					
Movement to/(from) Gen Reserve	<u>(37,974)</u>	<u>627,445</u>					
<b><u>Marketing and Events</u></b>							
Income	525	7,550	7,500	(50)			100.7%
Expenditure	5,537	130,006	249,900	119,894	31,558	88,336	64.7%
Net Income over Expenditure	<u>(5,012)</u>	<u>(122,456)</u>					
plus Transfer From EM Reserves	0	-6,500					
Movement to/(from) Gen Reserve	<u>(5,012)</u>	<u>(128,956)</u>					
<b><u>Community Plan</u></b>							
Income	4,366	62,373	0	(62,373)			0.0%
Expenditure	35,236	97,133	160,972	63,839	(720)	64,559	59.9%
Net Income over Expenditure	<u>(30,871)</u>	<u>(34,760)</u>					
plus Transfer From EM Reserves	0	10,397					
Movement to/(from) Gen Reserve	<u>(30,871)</u>	<u>(24,363)</u>					
<b><u>Planning</u></b>							
Income	0	0	0	0			0.0%
Expenditure	4,000	4,000	9,000	5,000	0	5,000	44.4%
Movement to/(from) Gen Reserve	<u>(4,000)</u>	<u>(4,000)</u>					
<b><u>Operations and Improvement</u></b>							
Income	0	68,116	37,000	(31,116)			184.1%
Expenditure	(2,633)	124,582	296,100	171,518	0	171,518	42.1%
Net Income over Expenditure	<u>2,633</u>	<u>(56,466)</u>					
plus Transfer From EM Reserves	0	-20,000					
Movement to/(from) Gen Reserve	<u>2,633</u>	<u>(76,466)</u>					

## Summary Income &amp; Expenditure by Budget Heading 22/11/2019

Month No: 8

## Committee Report

	Actual Current Mth	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
Grand Totals:- Income	5,465	1,021,447	923,900	(97,547)			110.6%
Expenditure	80,688	610,684	1,026,372	415,688	30,838	384,850	62.5%
Net Income over Expenditure	<u>(75,223)</u>	<u>410,762</u>	<u>(102,472)</u>	<u>(513,234)</u>			
plus Transfer From EM Reserves	0	-17,103					
less Transfer to EM Reserve	0	0					
Movement to/(from) Gen Reserve	<u>(75,223)</u>	<u>393,659</u>					

## Detailed Income &amp; Expenditure by Budget Heading 22/11/2019

Month No: 8

Committee Report

	Actual Current Mth	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent	Transfer to/from EMR
<b>Finance &amp; Governance</b>								
<u>200 Payroll</u>								
4000 Salaries & Wages	13,220	104,129	109,000	4,871		4,871	95.5%	
4005 Tax & NI	5,077	37,561	46,500	8,939		8,939	80.8%	
4010 Pension Contributions	4,883	39,947	43,500	3,553		3,553	91.8%	
Payroll :- Indirect Expenditure	<b>23,180</b>	<b>181,637</b>	<b>199,000</b>	<b>17,363</b>	<b>0</b>	<b>17,363</b>	<b>91.3%</b>	<b>0</b>
<b>Net Expenditure</b>	<b>(23,180)</b>	<b>(181,637)</b>	<b>(199,000)</b>	<b>(17,363)</b>				
<u>203 Borrowing (Int)</u>								
4046 Loan Repayments	0	7,729	15,000	7,271		7,271	51.5%	
Borrowing (Int) :- Indirect Expenditure	<b>0</b>	<b>7,729</b>	<b>15,000</b>	<b>7,271</b>	<b>0</b>	<b>7,271</b>	<b>51.5%</b>	<b>0</b>
<b>Net Expenditure</b>	<b>0</b>	<b>(7,729)</b>	<b>(15,000)</b>	<b>(7,271)</b>				
<u>205 Administration</u>								
1870 Bank Interest Received	574	3,275	2,000	(1,275)			163.8%	
1900 Precept	0	877,400	877,400	0			100.0%	
1999 Miscellaneous Income	0	2,733	0	(2,733)			0.0%	
Administration :- Income	<b>574</b>	<b>883,408</b>	<b>879,400</b>	<b>(4,008)</b>			<b>100.5%</b>	<b>0</b>
4025 Employee Training	509	2,289	2,000	(289)		(289)	114.4%	
4030 Employee Travel/Subsistence	391	1,590	1,500	(90)		(90)	106.0%	
4046 Loan Repayments	7,650	7,650	0	(7,650)		(7,650)	0.0%	
4060 Refreshments/Catering	32	517	500	(17)		(17)	103.3%	
4100 Audit Fees	0	(1,625)	3,000	4,625		4,625	(54.2%)	
4105 Legal & Professional Fees	0	0	2,000	2,000		2,000	0.0%	
4110 Insurance	14	4,400	3,000	(1,400)		(1,400)	146.7%	
4111 Subscriptions	139	2,295	2,300	5		5	99.8%	
4112 Postages	4	946	900	(46)		(46)	105.1%	
4115 Stationery	123	604	900	296		296	67.1%	
4116 Printing	167	1,830	5,000	3,170		3,170	36.6%	
4120 Computer Equipment/Software	0	4,398	3,000	(1,398)		(1,398)	146.6%	
4123 Website	0	0	500	500		500	0.0%	
4125 Advertising/Publicity	0	0	1,000	1,000		1,000	0.0%	
4130 Telephones	285	2,174	3,000	826		826	72.5%	
4155 Room Hire Costs	0	0	500	500		500	0.0%	
4165 Fuel	83	410	0	(410)		(410)	0.0%	
4166 Vehicle costs	256	2,241	0	(2,241)		(2,241)	0.0%	
4170 Equipment Purchase/Repair/Hire	498	4,199	1,100	(3,099)		(3,099)	381.7%	

## Detailed Income &amp; Expenditure by Budget Heading 22/11/2019

Month No: 8

Committee Report

	Actual Current Mth	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent	Transfer to/from EMR
4172 Furniture	0	0	1,000	1,000		1,000	0.0%	
4175 Clothing/PPE	310	366	500	134		134	73.2%	
4181 Contractors - Services	3,789	9,417	1,000	(8,417)		(8,417)	941.7%	
4182 Contractors - Supplies	0	152	0	(152)		(152)	0.0%	
4183 Contractors - Professional	0	6,223	3,500	(2,723)		(2,723)	177.8%	
4998 Strategic Allowance	0	1,800	50,000	48,200		48,200	3.6%	
4999 Miscellaneous Expenses	0	2,565	300	(2,265)		(2,265)	855.0%	
Administration :- Indirect Expenditure	<b>14,250</b>	<b>54,441</b>	<b>86,500</b>	<b>32,059</b>	<b>0</b>	<b>32,059</b>	<b>62.9%</b>	<b>0</b>
<b>Net Income over Expenditure</b>	<b>(13,676)</b>	<b>828,967</b>	<b>792,900</b>	<b>(36,067)</b>				
<u>206 Accomodation</u>								
4160 Utilities	277	1,103	2,300	1,197		1,197	47.9%	
4170 Equipment Purchase/Repair/Hire	80	1,119	1,500	381		381	74.6%	
4172 Furniture	0	82	0	(82)		(82)	0.0%	
4181 Contractors - Services	761	7,722	2,500	(5,222)		(5,222)	308.9%	
4183 Contractors - Professional	0	35	600	565		565	5.8%	
4992 Sinking Fund	0	0	1,000	1,000		1,000	0.0%	(1,000)
Accomodation :- Indirect Expenditure	<b>1,118</b>	<b>10,061</b>	<b>7,900</b>	<b>(2,161)</b>	<b>0</b>	<b>(2,161)</b>	<b>127.4%</b>	<b>(1,000)</b>
<b>Net Expenditure</b>	<b>(1,118)</b>	<b>(10,061)</b>	<b>(7,900)</b>	<b>2,161</b>				
6001 plus Transfer From EM Reserves	0	(1,000)						
<b>Movement to/(from) Gen Reserve</b>	<b>(1,118)</b>	<b>(11,061)</b>						
<u>215 Members' Costs</u>								
4035 Member Training	0	1,021	1,000	(21)		(21)	102.1%	
4040 Member Travel/Subsistence	0	0	1,000	1,000		1,000	0.0%	
4170 Equipment Purchase/Repair/Hire	0	75	0	(75)		(75)	0.0%	
Members' Costs :- Indirect Expenditure	<b>0</b>	<b>1,096</b>	<b>2,000</b>	<b>904</b>	<b>0</b>	<b>904</b>	<b>54.8%</b>	<b>0</b>
<b>Net Expenditure</b>	<b>0</b>	<b>(1,096)</b>	<b>(2,000)</b>	<b>(904)</b>				
Finance & Governance :- Income	<b>574</b>	<b>883,408</b>	<b>879,400</b>	<b>(4,008)</b>			<b>100.5%</b>	
Expenditure	<b>38,548</b>	<b>254,963</b>	<b>310,400</b>	<b>55,437</b>	<b>0</b>	<b>55,437</b>	<b>82.1%</b>	
<b>Net Income over Expenditure</b>	<b>(37,974)</b>	<b>628,445</b>	<b>569,000</b>	<b>(59,445)</b>				
plus Transfer From EM Reserves	0	(1,000)						
<b>Movement to/(from) Gen Reserve</b>	<b>(37,974)</b>	<b>627,445</b>						

## Detailed Income &amp; Expenditure by Budget Heading 22/11/2019

Month No: 8

## Committee Report

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plus Transfer From EM Reserves	0	(1,000)						
<b>Movement to/(from) Gen Reserve</b>	<u>(37,974)</u>	<u>627,445</u>						

## SALES LEDGER 1 UNPAID INVOICES BY DATE

<u>Invoice Date</u>	<u>Invoice No</u>	<u>A/c Code</u>	<u>A/c Name</u>	<u>Net Value</u>	<u>VAT</u>	<u>Invoice Total</u>	<u>Balance</u>
08/01/2019	151	INNE01	INNER SPACE	120.00	0.00	120.00	120.00
08/01/2019	JAN18	INNE01	INNER SPACE	120.00	0.00	120.00	120.00
27/06/2019	158	BENT01	BENTLEY	750.00	0.00	750.00	750.00
19/07/2019	159	ENGA01	ENGAGE	240.00	0.00	240.00	240.00
13/09/2019	162	SIGN01	SIGNATURE SPACES	700.00	0.00	700.00	700.00
01/10/2019	165	SIGN01	SIGNATURE SPACES	1,400.00	0.00	1,400.00	700.00
11/11/2019	166	SIGN01	SIGNATURE SPACES	500.00	0.00	500.00	500.00
<b>TOTAL INVOICES</b>				<b>3,830.00</b>	<b>0.00</b>	<b>3,830.00</b>	<b>3,130.00</b>

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<u>Account</u>	<u>Opening Balance</u>	<u>Net Transfers</u>	<u>Closing Balance</u>
321 EMR - Markets	100,000.00		100,000.00
322 EMR - Elections	55,500.00		55,500.00
323 EMR - Christmas Cont	0.00		0.00
324 EMR - Town Centre	2,000.00		2,000.00
325 EMR - PA/Xmas Tree	0.00		0.00
326 EMR - Mayors Charity Fund	0.00		0.00
327 EMR - Chantry	2,000.00	1,000.00	3,000.00
328 EMR - Grants	10,396.70	-10,396.70	0.00
329 EMR - Xmas	6,500.00	6,500.00	13,000.00
330 EMR - Pledge	8,000.00		8,000.00
331 EMR - Streetscene	84,000.00		84,000.00
332 EMR -Town Centre	30,000.00		30,000.00
333 EMR - Big Screen Sinking	0.00	20,000.00	20,000.00
334 EMR - Railway Cottages	0.00	9,000.00	9,000.00
	<b><u>298,396.70</u></b>	<b><u>26,103.30</u></b>	<b><u>324,500.00</u></b>

**Audit date:** 20/09/2019

**Auditors:** Cllr Buckley, Cllr Houston, Cllr Messent

**Auditee:** Steve McQuade

**Audit Scope:** An overview of the systems used for banking and financial accounting / reporting at Crewe Town Council (CTC). Any findings identified during the audit will be graded as high, medium or low risk. Any positive observations will also be documented.

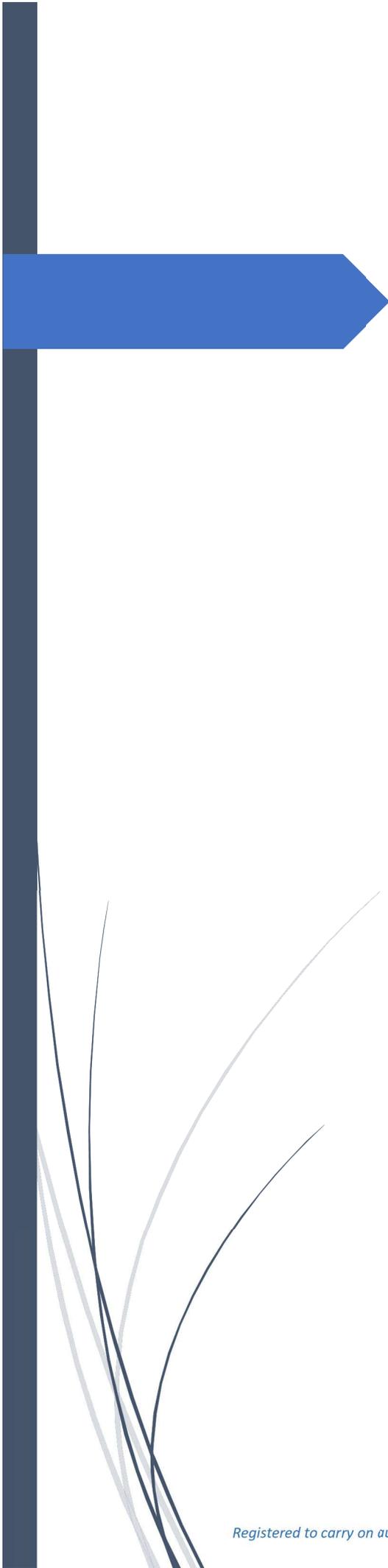
**Audit details:** The auditee gave a high-level overview of how the accounts are handled at CTC. The in-house system used is Rialtas Business Services (RBS) which is partnered by a company Microshade. The RBS system is used for the processing of invoices, payments, receipts, credit notes and journals (codes). Currently the Town Clerk uses this system for the processing of CTC finances, with one other Officer having access to the system, however it is only the Town Clerk who actively uses / populates information in the database, and the additional officer who has access will be on maternity leave soon. The initial training of the RBS system was delivered to the Town Clerk in Knutsford with no further training after this. The auditee advised via e-mail following the audit that RBS have training information on their website, and a good helpdesk for support. There are no internal process documented for the specific uses of the system at CTC. There are daily back-ups of the financial reporting system are completed by Microshade, with a monthly back up completed by the Town Clerk which is sent to RBS and stored at CTC on the Town Clerk's Laptop.

At CTC there are four bank accounts that are used. The auditee advised that The Cooperative Bank is used as the main current account at the council. The main bank account will only allow payments of up to £50,000 in a single transaction, with an absolute maximum of £300,000 per day. Funds are also kept in an account at CCLA where these funds are spread out over approximately twenty-one separate institutions mitigating some of the risks associated with holding funds in one singular debit account. There are funds of £14,990 held at the Credit Union. A prepaid debit card is available which is via a Credit Union 'Engage' account. Currently the Town Clerk and two other Officers have access to the accounts, where there are dual controls in place for signing off transactions. All three members of staff who have access to these accounts can add bank account information for funds transfers to external bank accounts. In addition to the above-mentioned finances, CTC is responsible for the funds in the John McBride Trust, with monies of in excess of £50,000 (but not exceeding £60,000), in a M&G account, and £21,000 in a Coop account. Currently the Town Clerk is the single point of contact for the funds in both John McBride Trust accounts.

Findings / Observations		
Risk level	Topic	Comments
Medium	Process documentation	There is currently no internally documented process for the use of the RBS system at CTC
High	Contingency planning / Training	The Town Clerk is the main knowledge holder and user of the RBS system, with one other officer who uses this system rarely, who is also due to go on maternity leave soon. Currently there is no training plan in place for this system for other officers at CTC.
Medium	Interaction of RBS / banking processes	There is an opportunity to improve the integrity of the financial systems at CTC. Currently there are Officers who can process transactions on the RBS system and transfer payments in and out of the bank. Bank accounts for outbound transactions can be added by some Officers. Consideration should be given to level of authority in each task. For example, should Officers have the authority to create bank accounts from the current account but also be authorised to transfer payments?
Low	Documentation of Skills	There is currently no employee skills matrix for the officers at CTC to give an overview of which systems they can use, and to what level of competence they each hold.
High	John McBride Accounts	The Town Clerk has sole responsibility for the administration of transactions on these accounts.
Low	Back-up information	Information is currently backed-up by the system provider daily. The monthly back up completed by the Town Clerk is stored on his Laptop.
Positive Observation	Bank Accounts	Good practice was observed regarding how money is spread via several financial institutions, particularly the CCLA account.

**Additional comments:** As the town council has developed in recent years and more Officers have become employed at CTC, there is opportunity to enhance the financial systems and make the processes more robust. The above risks should be considered in the future enhancement of the systems of CTC to protect the financial integrity of the systems, and the employees who process transactions within them.

Name	Role	Signature	Date
Cllr Buckley	Auditor		
Cllr Houston	Auditor		
Cllr Messent	Auditor		
Steve McQuade	Auditee (Town Clerk)		



# Crewe Town Council

Internal Audit 2019/20

First Interim Report

**graeme lafferty**  
JDH BUSINESS SERVICES LTD

*Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales*

The internal audit of Crewe Town Council is carried out by undertaking the following tests as specified on the Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements
- The council has met its responsibilities as a sole trustee

The interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for larger councils.

### **Conclusion**

On the basis of the internal audit work carried out, which was limited to the interim audit testing, in our view the council's system of internal controls is not in place, adequate for the purpose intended and effective. The recommendations reported in the action plan overleaf should be implemented.

**J D H Business Services Ltd**

	ISSUE	RECOMMENDATION	Council Response 14/11/19
<b>2019/20 First Interim Report</b>			
1	<p>We understand the current RFO will be leaving the council before the end of the financial year. Although there is a strategic review and recruitment process planned we have not yet seen the evidence to ensure that an RFO will continue to be in place at the council in accordance with the Local Government Act 1982 (s151) from the date the current RFO leaves the council.</p>	<p><i>The council should ensure they comply with the requirements of the Local Government Act 1982 (s151) with respect to having a continual RFO function in place.</i></p>	<p><i>Council will have a nominated officer in place. The current RFO has offered to cover any gap or another officer will be nominated on an interim basis while recruitment is completed.</i></p>
2	<p>A fire at a retirement complex in August 2019 has resulted in substantial donations from the local community and organisations. These monies have been received over the ensuing months by the town council and comprise both cash and cheques as we understand that council has agreed to be the responsible financial body to receive the donations.</p> <p>We understand the total donations currently held by the council are approximately £55K and there is a need for the monies to be distributed to claimants, however, there is no agreement in place with any suitable qualified</p>	<p><i>The council should identify a suitable local organisation that is qualified to assess housing and other needs to enable a fair and equitable distribution of the donations to applicants. There should be a formal agreement in place before any funds are transferred from the council.</i></p>	<p><i>Council on 19<sup>th</sup> November resolved to transfer that the amount held by the Town Council in the appeal fund on 22nd November 2019 should be transferred to Your Housing as soon as possible, subject to a written agreement that all monies be distributed equally to residents living at Beechmere on Thursday 8th August 2019. Any funds received between 22nd November 2019 and January 31st 2020 are to be transferred to Your Housing for</i></p>

	ISSUE	RECOMMENDATION	Council Response 14/11/19
	organisation to transfer the monies so they can accurately assess need to distribute the payments appropriately.		<i>distribution on the same basis. After the end of January 2020 the Town Council will no longer collect money on behalf of the Beechmere residents.</i>
3	<p>We have reviewed the internal controls applied to the donations received from the local community and organisations and identified the following:</p> <ul style="list-style-type: none"> <li>- There were no available internal records relating to the initial donations banked from 12 August to 21 August. In addition, the clerk was unable to locate the paying in book relating to these donations on the day of the internal audit visit. The eleven bankings during this period totalled £3140.06.</li> <li>- There were no formal cash procedures introduced to ensure two staff were always present when cashing up donations ready for banking</li> <li>- We reviewed bankings to estimate the maximum cash that may have been held at any one time. The</li> </ul>	<p><i>The council need to adopt cash management procedures including ensuring:</i></p> <ul style="list-style-type: none"> <li>- <i>Clear records are maintained of all bankings including the source of the donations</i></li> <li>- <i>Two staff should always be present when cashing up donations for banking</i></li> <li>- <i>The cash received should be stored in a safe or strongroom in accordance with the security requirements in the insurance policy for cash up to £5000.</i></li> </ul>	<p><i>Council recognises that this project presented new challenges which were non routine and therefore provided much learning.</i></p> <ul style="list-style-type: none"> <li>• <i>The old paying in book was found to be where it should have been. However it raises issues as to what to do with such items. Council will keep all such old books in the safe. (this book had lasted six years)</i></li> <li>• <i>Cash is generally counted in pairs. The main concern of the RFO is the gap between receipt, perhaps by one officer at the door and subsequent counting. Normally the monies are</i></li> </ul>

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>
	<p>Elvis donation (£1800) and Barnies Bingo donation (£1781.90) appear to be the largest cash donations. We understand the cash was kept in a draw rather than in a safe or strongroom and it is not clear whether it was locked overnight. The insurance policy only covers cash at the premises in a locked receptacle rather than a safe or strongroom up to £500 and it is possible the policy provides no money cover if the cash was not locked in a receptacle overnight.</p>		<p><i>counted with the person present and a receipt given as the primary record that can be mapped to the bank record.</i></p> <ul style="list-style-type: none"> <li>• <i>All the team now know the thresholds where monies must be kept in the safe especially.</i></li> </ul>
2	<p>The John McBride Trust</p> <p>The council has taken over administration of The John McBride Trust from Cheshire East Council as the sole trustee of the charity. However, no accounts are being maintained for the charity on an ongoing basis. The clerk noted that a firm in Sandbach had been asked to produce accounts and submissions to the Charity Commission, but this has not been authorised by the Council as the sole trustee. The financial management of the</p>	<p><i>The council should ensure the following:</i></p> <ul style="list-style-type: none"> <li>- <i>Meetings are programmed for the council as sole trustee to determine the governance and accountability arrangements for the charity, including how and when income funds will be distributed</i></li> <li>- <i>The council should allocate the responsibility for the Trust financial management, accounting and year end returns process to the</i></li> </ul>	<p><i>In response to the bullets:</i></p> <ul style="list-style-type: none"> <li>• <i>These duties will be incorporated in the JD of the new Clerk.</i></li> <li>• <i>This will also be confirmed as part of the strategic review.</i></li> <li>• <i>The coop accounts are in the name of the trust, but the clerk is sole signatory. This will be changed as part of the</i></li> </ul>

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>
	<p>sole trustee charity should normally reside with the council RFO,</p> <p>Review of the bank account, the M&amp;G fund manager documentation and discussion with staff identified only the clerk can access the two Coop bank accounts. In addition, the charity investments have not been transferred correctly to the town council such that they are now in the name of the clerk, the town centre project manager and the council, but the two signatories are the clerk and town centre project manager.</p> <p>The council is not currently complying with the trust deed as no process has yet been agreed whereby income funds are distributed annually in accordance with the deed aims and objectives. As at the date of the internal audit visit, the clerk had not programmed any meetings for the council as sole trustee to make decisions about the governance and accountability of the Trust.</p>	<p><i>new clerk/RFO when appointed</i></p> <ul style="list-style-type: none"> <li>- <i>The Coop bank accounts for the charity need to be transferred to the name of the Trust or the council as the sole trustee, as they currently appear to be in the name of the clerk. Appropriate signatories need to be established for the Trust bank accounts</i></li> <li>- <i>The council need to act promptly to ensure the Trust investments with M&amp;G are in the Trust name or the council as sole trustee, with appropriate signatories established</i></li> <li>- <i>We previously recommended that the council needs to determine whether any of the brought forward Trust funds are Permanent Endowment funds, ie funds which cannot be expended due to restriction on the charity governing documents. This recommendation is still outstanding.</i></li> </ul>	<p><i>handover to the new clerk.</i></p> <ul style="list-style-type: none"> <li>• <i>Council is working to resolve the issue with M&amp;G such that officers can manage the fund, but do not technically own it. This resulted from advice given by M&amp;G.</i></li> <li>• <i>The nature of the fund will be confirmed as part of the above dialogue.</i></li> </ul>
3	We previously noted that members do not carry out detailed payroll checks and	<i>As part of the current review of the council being carried out with external</i>	<i>This is agreed. The strategic review will pick up these points.</i>

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>
	<p>recommended appropriate checks are put in place. No detailed payroll checks have been carried out by members for the year to date. Notwithstanding the fact there is a scheme of delegation in place to the clerk for aspects of staff payroll we would still expect council to carry out checks on payroll costs.</p> <p>For instance, the clerk emails the payroll agent annually with salary details including payroll increments. This email could be sent to the Chair and the increments checked and agreed with contracts of employment. Scale point increases and annual % increases could be approved in the council minutes.</p> <p>The scheme of delegation relating to payroll specifies the clerks responsibilities regarding staff but the council should still authorise the details of the clerks salary and check the clerk payroll scales to the contract of employment. For instance, the current contract of employment states that the clerk can secure a scale point increase per annum from the original starting scale point up to a maximum of four scale points. However, the clerk has now</p>	<p><i>support, the council should review the Scheme of Delegation with a view to members assuming direct responsibility for authorising all payroll, including scale point changes and annual % increments. Scale point changes should be approved in the minutes and the payroll agent should be informed of changes to staff pay by the Chair. During the financial year a members should carry out periodic checks of payroll payments to supporting documentation including overtime schedules.</i></p> <p><i>The council should review current contracts of employment to ensure they reflect current employment arrangements.</i></p>	<p><b>Council on 19<sup>th</sup> November 2019 established a Personnel Committee. The Terms of Reference include decisions on the pay and conditions of staff, including honoraria (except the Town Clerk which is reserved to Council).</b></p> <p><i>Internal audit will review payroll on an at least annual basis.</i></p>

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>
	moved beyond the four scale point range noted in the contract of employment. We also noted from a review of one other staff contract of employment that the current scale point paid is now higher than the scale point in the original contract.		
4	The council minutes indicate a suite of GDPR compliant policies were adopted earlier in 2019. However, these updated policies have not been published on the council website where the previous out of date policies remain.	<i>When key policies are adopted by the council they should be published promptly to replace outdated policies on the website.</i>	<i>The policies will be placed on the website.</i>
<b>2018/19 year end audit</b>			
1	<p>A £663.83 duplicate payment was incorrectly recorded in the year end bank reconciliation as a negative unrepresented cheque. Further review of the aged purchase ledger balances identified a further duplicate payment for £782.40.</p> <p>The bank reconciliation was corrected during the year end internal audit and the £663.83 duplicate payment posted to the purchase ledger.</p>	<i>The council should identify the reason why duplicate payments have been made and implement controls to prevent this occurring again.</i>	To be followed up at 2019/20 year end internal audit

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>
2	The year end creditors/accruals contained a number of errors as a significant number of grants and donations that had been agreed but not paid were included as creditors. Donations should not be accrued. The total of the errors identified was £10396.70 and the required corrections required were made during the year end internal audit	<i>Donations and grants that have been approved should not be accrued as creditors. Instead these should be carried over as earmarked reserves which are drawn down if and when the grants and donations are paid.</i>	To be followed up at 2019/20 year end internal audit
<b>2018/19 interim audit</b>			
1	The payment to Double Take Projections on 08/11/2018 for £13,797.00 was only supported by one email member authorisation. All other sample testing of payments identified that two member authorisation emails were received before the payment was made.	<i>Authorisation of all payments should be carried out in accordance with the Financial Regulations</i>	To be followed up at second 2019/20 interim audit
2	Crewe Town Council has taken over administration of The John McBride Trust from Cheshire East Council as the sole trustee of the charity.	<i>The council will need to identify what element of the charity reserves (if any) are Permanent Endowment funds.</i>	See 2019/20 issues

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>												
3	There was no confirmation of receipt for the £10000 payment to Crewe YMCA on 25/07/2018.	<i>Confirmation of receipt should be secured for all significant grants and donations</i>	To be followed up at second 2019/20 interim audit												
4	The Credit Card payment on 24/10/2018 for £283.00 for hotel accommodation was not supported by a VAT invoice .	<i>A VAT invoice should be secured for this payment to enable the VAT to be reclaimed.</i>  <i>VAT invoices should be secured for all standard rated supplies</i>	To be followed up at second 2019/20 interim audit												
<b>2017/18 year end audit</b>															
1	The year end bank reconciliation contained the following errors:  - Grant commitments of £5622 for payments to be made in 2018/19 were included as payments in the 2017/18 unrepresented cheque listing  - £3040 of 'payments' included in the unrepresented cheque listing were actually creditors at the year end	<i>The RBS ledger should be corrected as follows:</i>  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td><i>Dr Cash and bank</i></td> <td style="text-align: right;">8662</td> <td></td> </tr> <tr> <td><i>Cr Creditors</i></td> <td></td> <td style="text-align: right;">3040</td> </tr> <tr> <td><i>Grants expenditure</i></td> <td></td> <td style="text-align: right;">5622</td> </tr> </tbody> </table> <i>As the amount committed to these specified grants is £5622 for 2018/19 there could then be a transfer from general reserves to earmarked reserves of £5622.</i>		£	£	<i>Dr Cash and bank</i>	8662		<i>Cr Creditors</i>		3040	<i>Grants expenditure</i>		5622	Recurring issue re grant commitments included in creditors – see 2018/19 internal audit issues
	£	£													
<i>Dr Cash and bank</i>	8662														
<i>Cr Creditors</i>		3040													
<i>Grants expenditure</i>		5622													

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>
2	A review of the detailed budgets identified a contingency of £20k for the events budget, and a £50k contingency budget is included in Finance and resources budgets for 2018/19. Local councils should not include contingency revenue budgets in the annual budget as the general reserves represent the contingency reserves.	<i>The council should review the budget for 2018/19 and ensure all revenue expenditure budgets relate to specified planned expenditure</i>	Implemented
3	Training and travel subsistence is included in staff costs in the annual return, however, these are not actual staff costs as specified by the Practitioners Guide	<i>Only actual payroll expenditure should be included in staff costs in the annual return</i>	Implemented
4	<p><b>Payroll</b></p> <p>Members do not carry out detailed payroll checks as part of the in-year checks of finance</p> <p>The monthly payroll analysis provided by the payroll is not reconciled to the payroll per the RBS ledger</p>	<p><i>As part of the in-year checks of finance, members should check the monthly analysis from the payroll agent to source documents including timesheets</i></p> <p><i>The monthly payroll analysis provided by the payroll agent should be reconciled in total to the payroll posted to the RBS ledger</i></p>	Follow Up - Recommendation Outstanding

	ISSUE	RECOMMENDATION	Council Response 14/11/19
<b>2017/18 interim audit</b>			
1	Crewe Town Council have been approached about the possibility of taking over administration of The John McBride Trust. This charitable trust has been dormant since Cheshire East Council took over the administration from Crewe and Nantwich Borough Council.	<p><i>We have reviewed documentation relating to the charity. The Trust Deed aim is 'charitable purposes within the borough of Crewe'. The Trust Deed assigns as a Trustee only a local authority (and therefore the members of that authority) which indicates that if the council were to take over the administration of the charity it would do so as Sole Trustee rather than Custodian Trustee of the charity.</i></p> <ul style="list-style-type: none"> <li>- <i>The council should ascertain from the Principal Council legal department whether in fact they would be taking over the charity on a Sole Trustee basis (i.e. only members of the council can be trustees of the charity).</i></li> <li>- <i>The council will need to ensure the correct disclosures are made in the year end Annual Return for external audit reading the charity, and that all transactions are excluded from the year end council accounts</i></li> </ul>	The charitable trust is now a sole trustee charity of the town council from April 1 <sup>st</sup> 2018

	ISSUE	RECOMMENDATION	<b>Council Response 14/11/19</b>
		<ul style="list-style-type: none"> <li>- <i>The council should contact RBS, the accounting system provider, to identify whether the current ledger system can be utilised to maintain the record of charity transactions and balance sheet of whilst also allowing the charity transactions to be excluded from the year end accounts and Annual Return for external audit</i></li> <li>- <i>Charity Commission annual returns will need to be submitted for the new charity, and a check should be carried out of the Charity Commission website to ensure all required submissions are up to date</i></li> </ul>	
2	There is limited evidence of member checks on financial information such as bank reconciliations and online payments	<p><i>The council should apply member checks on key reconciliations and online banking internal controls during the year to satisfy themselves that internal controls are operating effectively, and all transactions are completely and accurately recorded in the accounting ledger including:</i></p> <ul style="list-style-type: none"> <li>- <i>The Chair of Finance should verify monthly bank reconciliations by</i></li> </ul>	Follow Up - Recommendation outstanding

	ISSUE	RECOMMENDATION	Council Response 14/11/19
		<p><i>ensuring they are balanced and agreed to bank statements</i></p> <ul style="list-style-type: none"> <li>- <i>To provide assurance that the correct suppliers have actually been paid the amounts the council has approved, each month the Chair of Finance should select a small sample of payments from the actioned online payments and agree the online payment bank details to the bank account details of the supplier on the invoice</i></li> <li>- <i>Supplier fraud prevention controls</i> <ul style="list-style-type: none"> <li>- <i>The Chair of Finance should check bank details for the first payment to a supplier to a signed confirmation letter from the supplier. The same procedure should apply where a supplier has purported to have changed bank accounts (particularly if the request is via email).</i></li> </ul> </li> </ul> <p><i>All the above member checks should be evidenced by a signature.</i></p>	

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>
3	Due to the 2016/17 accounts closedown being in late May 2017 it was not possible to post income invoices to the nominal ledger until after that date. Therefore, invoices had to be manually maintained on WORD with a list of income received until it was possible to post transactions into the 2017/18 nominal ledger	<i>The council should ask RBS, the accounting system provider, to carry out the year end closedown procedures in early April</i>	Noted
4	Data Protection Law will change significantly on May 25 <sup>th</sup> 2018 due to the 2016 EU Directive General Data Protection Regulation (GDPR) taking effect.  GDPR replaces the 1998 Data Protection Act and it will impose new obligations on Data Controllers and Data Processors and provides enhanced rights for individuals. Compliance with GDPR could have resource implications for local councils.	<i>The impact of GDPR on the council should be identified through review of ICO and NALC guidance and the Data Protection policy, risk assessment and internal controls should be updated accordingly.</i>	Implemented – see GDPR action plan
<b>2016/17 audit</b>			
1	The bank reconciliation contains a large value of unrepresented payments and one uncleared receipt which are actually creditors as they did not clear the bank account until the 11 <sup>th</sup> April 2017. The	<i>An adjustment is required to include £43,278.14 as creditors rather than payments that are unrepresented. This would change the bank balance on the annual return to £340,901.</i>	The annual return has been amended to show total cash and investments as £340901.

	ISSUE	RECOMMENDATION	<i>Council Response 14/11/19</i>
	uncleared receipt is actually a transfer between accounts.		
2	Whilst the financial regulations allow for the use of a payment card, they do not state any financial limits for use of the card.	<i>The financial regulations should state limits for the use of the card.</i>	£1000 limit set in Financial Regulations for Debit Card
<b>2016/17 Interim audit recommendations</b>			
1	<p>As part of our compliance testing of payments, we reviewed a sample grant payments.</p> <p>The following grants were not supported by grant application forms (as made outside of the grant scheme) and were not supported by confirmation letters of receipt:</p> <p>28/7/16 Creative Crewe £2185.60 15/11/16 Crewe CAN £3000.00</p> <p>The Crewe CAN grant relates to the community plan (underpinned by the Community Plan Committee)</p>	<p><i>Confirmation letters of receipt should be requested for grant payments.</i></p> <p><i>The system for making payments of grants outside the grant scheme is not specified.</i></p>	Implemented
2	There are no procedures in place to address the risk of adding and amending	<i>The Council should review current procedures for addressing the increased</i>	Implemented, however, see 2017/18 recommendations

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>Council Response 14/11/19</b>
	<p>supplier bank account details (the bank account name is not used by banks when processing online payments). The Clerk currently takes bank details from the invoices or telephones the supplier if they are not available.</p> <p>The NALC model Financial Regulations state the following:</p> <p><i>Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by [two of] the Clerk [the RFO][a member]. A programme of regular checks of standing data with suppliers will be followed.</i></p>	<p><i>risk of supplier fraud or error inherent in online banking and should consider amending their Financial Regulations to include the section on supplier details from the NALC model Financial Regulations.</i></p>	<p>regarding member checks of data</p>
3	<p>The Financial Regulations state that for contracts over £1000, the Clerk shall obtain three quotations.</p> <p>Our testing found the following contract for which three quotations had not been obtained:</p> <p>Caroline Dodd (Crewe life website) £3000</p>	<p><i>Contracts should be tendered as stipulated in the adopted Financial Regulations</i></p> <p><i>The Council should regularly review the de-minimis levels for contracts and ensure they remain appropriate to the size and scope of activity of the Council</i></p>	<p>No issues identified in 2017/18 procurement testing</p>