

Minutes of a meeting of the Finance & General Purposes Committee held on Tuesday 14 July 2020 at 6.30pm remotely via zoom

PRESENT: Councillor Steve Williamson (Chairman), Andy Long (vice-chairman), Mike Smythe, Karen Cook (admitted at 18.34pm) and Keith Graham

Also present: Jackie Cottrell – Parish Clerk
Linda Butcher – Former Locum Clerk
Two members of the public

00119 APOLOGIES FOR ABSENCE - None

DECLARATIONS OF INTEREST - None

MINUTES

To **resolve** that the minutes of the Finance and General Purposes Committee held on 11th June 2020 be taken as read, confirmed as a correct record and signed by the Chairman

00120 RESOLVED to adopt the minutes of the Finance and General Purposes Committee held on 11 June 2020.

MATTERS ARISING FROM THE MINUTES NOT COVERED ON THE AGENDA - None

PUBLIC PARTICIPATION

One member of public in attendance wishing to speak was unable to as a result of technical issues. The other member of the public did not wish to speak.

INTERNAL AUDIT REPORT

The Chairman read introductory comments on the internal audit report, which had been sent to all Members. He informed councillors of the huge amount of work that had been undertaken to recreate and reconcile the cash book and accounts for 2018/19 and 2019/20. The Internal Audit is only for the year 2019/20 and the Parish Council is still subject to an External Audit. He stated the report highlights positives and negatives and he urged Members to be realistic about the position the Parish Council has found itself in and to focus in agreeing a positive way forward. He stressed that the AGAR documents to be signed by the Chairman of the Council and the Parish Clerk are the responsibility of the whole Council and individual Councillors. All Members must ensure they agree and understand all the information. The Chairman then invited all Members to comment on the Internal Audit report. All Councillors gave their comments, they acknowledged the many hours of hard work that had taken place to get the Parish Council to its position today. Cllr Cook was very concerned about the gravity of the situation. Cllr Smythe re-iterated that it is the responsibility

of all Councillors and perhaps lack of understanding amongst Members regarding the processes and controls that should have been in place and the reliance on the former Clerk hadn't helped the situation. Cllr Long reflected that the informal discussion ahead of the audit was very useful and could be used as a guide for the Annual Governance Statement and Section 2 of the AGAR. He stated the Parish Council can now move forward knowing its weaknesses and how to correct them. The Chairman finished by saying the audit report was fair and balanced. He appreciated Cllr Cook's comments and from an outside view the report does look damning. However, some of the failures highlighted were due to the Council being given incorrect information e.g. the non-submission of the 2018/19 AGAR and the lack of an Internal Audit for 2018/19, which although confirmed by the previous Clerk, never actually took place. The Risk and Asset Registers had been started from scratch although both issues were raised on a number of occasions with the former Clerk. Unfortunately, the existence of a Risk Register, which was previously completed in 2012, was unknown to Members and if it had been reviewed on a yearly basis that element would have passed the audit. To conclude, he reassured Members a lot of points raised in the audit are simple to resolve and action has already been taken to move forward. There were also valuable lessons to be learnt regarding the annual budget.

00121 RECOMMEND ADOPTION OF THE INTERNAL AUDIT REPORT AT THE FULL COUNCIL MEETING ON THE 16th JULY

TO CONSIDER THE ACTION TO BE TAKEN AS A RESULT OF THE INTERNAL AUDITOR REPORT

The Chairman referred to points he had made previously and then summarised the main areas of focus to be centred around the annual accounts, the AGAR and the Notice of Public Rights. The Asset and Risk Registers will be an agenda item at the Full Council meeting in September. Cllr Long requested information on the deadline dates for the AGAR submission. The Clerk confirmed the AGAR had to be submitted by 31st July 2020. The Chairman confirmed he would draw up an action list, with timings, of issues to take forward as a result of the audit and to be discussed at Full Council on 16th July. This will be forwarded to the Clerk before the meeting. The Former Locum Clerk clarified that this would normally be the job of the Clerk but due to the time constraints, the existing state of affairs and the fact she only joined the Council on the 26th March any help Members are willing to give should be gratefully received. At Cllr Symthe's request the Clerk confirmed the Asset Register is making good progress, she would be updating it more fully before the Full Council meeting. It would be resolved at this meeting that two Councillors would be checking the condition of the assets on a yearly basis. Once the first check has been completed in August the insurance documentation can be updated appropriately by September in time for the renewal.

IT WAS AGREED THAT THE CHAIRMAN OF THE F&GP WILL PRODUCE A REPORT OF ACTIONS ARISING FROM THE INTERNAL

AUDIT REPORT WHICH WILL PRESENTED TO FULL COUNCIL ON 16TH JULY

RESOLVE TO APPROVE THE ANNUAL ACCOUNTS FOR 2019/20

The Chairman clarified the accounts comprised of the cashbook and the reconciliation. This work was part of the Internal Audit and all documentation had been sent to Members. It was necessary to reconstruct the cashbook and undertake a reconciliation against the bank account for two financial years; this allowed an accurate opening balance for 2019/20 to be quoted on the AGAR return. The Chairman invited any questions. Cllr Cook commented on the new format which she found clearer and easy to understand. Cllr Long noted the large number of documents received including the cashbook and the reconciliation and the work that had been undertaken to balance the accounts. Cllr Long requested that when the information is added to the Parish Council's website it is headed: Annual Accounts 2019/20. He requested information to be added to make it clear that the documents need to be read together. The bank reconciliation should be the first document. He recommended the information presented needs to be as clear and easy to understand as possible to the public and Councillors.

The Chairman asked for clarification regarding a Council's requirement to publish any payments over £100 or whether publication of the cashbook sufficed; the Former Locum Clerk clarified that this needs to be a separate list and then kept as an ongoing document. There will need to be a section on the website headed Finance for this document. Any tender documentation would also be listed under this tab.

00122 RECOMMEND APPROVAL OF THE ANNUAL ACCOUNTS FOR 2019/20 AT THE FULL COUNCIL MEETING ON THE 16TH JULY

RESOLVE SECTION 1 OF THE AGAR: THE ANNUAL GOVERNANCE STATEMENT AND THE CORRESPONDING EXPLANATIONS FOR EACH "NO RESPONSE"

The Chairman went through each box on the Annual Governance Statement and gave his opinion. He then invited each Member to comment before a final decision was made. These comments would be taken to Full Council on the 16th July.

Box 1 – Effective Financial Management – The Internal Auditor directed an answer of "No" due to the fact the AGAR statements were not produced for 2018/19 and were not approved in 2019/20. The Chairman stated the previous Standing Orders were not fit for purpose until replaced by the new Standing Orders and Financial Regulations which were adopted in March 2020. Cllr Long referred to page 2 of the Internal Audit Report where the auditor clarified he did not consider the reconstructed minutes of the Full Council and Annual Statutory Meeting in May 2019, recorded the approval of any accounts or any annual return for the purpose of the audit. His conclusion would be a "No" to that box. Cllr Symthe, Graham and Cllr Cook both agreed with the auditor's comments. The Chairman clarified that for

each “No” answer it was necessary to provide an explanation to the external auditor on a separate sheet to describe how the Parish Council will address the weakness. All Members were in agreement with answering “No”.

Box 2 – Adequate System of Internal Control – The Internal Auditor directed the Council towards an answer of “No”. The Chairman highlighted the lack of Asset Register and Cllr Long highlighted the Parish Council’s data loss when the former Clerk resigned. All Members were in agreement with answering “No”.

Box 3 – All Reasonable Steps were taken to comply with laws, regulations and proper practices. The Chairman confirmed that although there were some minor challenges faced during the year regarding tender documents and the former Chairman’s belief of having a personal fund which was not in existence, the Parish Council could answer “Yes” to box 3. Cllr Long was in agreement and stated although there were some compliance issues and failings the Parish Council did make considerable progress throughout the year and the Internal Auditor in his report stated there were no significant financial effects. Cllr Long stressed the word “significant” stated on the Annual Governance Statement. He agreed with the Internal Auditor that the answer should be “Yes”. Cllr Symthe had concerns regarding the financial procedures and practices and wondered whether this should be a negative response. However, the Chairman assured Members that all payments were authorised correctly and the audit trail with random samples was completed successfully with the Internal Auditor. The Former Locum Clerk confirmed the Precept was small compared to other Parish Councils and all payments have to be signed by two Members so there is no opportunity for an Officer or a Councillor to abscond with funds. All Members agreed to answer “Yes”.

Box 4 – Provided proper opportunity for the exercise of elector’s rights. All Members were in agreement that this should be answered “No” as this had not been carried out.

Box 5 – Managing the risks facing the Authority. The Internal Auditor recommended this be answered negatively due to the absence of any review of a Risk Register in 2019/20. Members were in agreement to responding “No”.

Box 6 – Maintained an adequate and effective system of internal audit – Members were unsure how to respond to this question as there were financial controls in place. The Clerk and Former Locum Clerk both advised the answer should be “No” as although there were financial controls in place they were not independent of the Council. The Parish Council have now employed an Internal Auditor, who was not in place throughout 2019/20 and an Internal Audit did not take place in 2018/19. Members agreed to respond “No” to this section

Box 7 – Appropriate action on matters raised in the internal and external audit. All Members were in agreement in responding “No’ as no action could be taken as an audit had not happened.

Box 8 – Considered any matters that might have a financial impact on the Authority. The Chairman referred to the Practitioners Guide and read the requirement for a “Yes answer and suggested this should be the Parish Council’s response. All Members were in agreement.

00123 RECOMMEND APPROVAL OF SECTION 1 OF THE ANNUAL GOVERNANCE STATEMENT AND SUPPORTING STATEMENTS FOR THE BOXES TICKED “NO” TO THE FULL COUNCIL MEETING ON THE 16TH JULY

RESOLVE SECTION 2 OF THE AGAR: THE ACCOUNTING STATEMENTS FOR 2019/20 AND THE CORRESPONDING EXPLANATIONS FOR ANY SIGNIFICANT VARIANCES

The Chairman stated he was confident that the figures, after many hours of hard work, were all correct and recommended approval. The only potentially significant variance was Box 3 – Total other receipts. This was due to the decrease in the CIL funds received in 2019/20. Cllr Long confirmed that now the necessary amendments had been made he too had confidence in the figures. He stated that going forward all Councillors should be double checking the figures and to not assume they will always be right. The Chairman then re-iterated again that all Councillors are accountable for the figures. The Former Locum Clerk stated it is not the Internal Auditors to check the figures but review the processes and controls in place.

00124 RECOMMEND APPROVAL OF SECTION 2 OF THE AGAR: THE ACCOUNTING STATEMENTS FOR 2019/20 AND THE CORRESPONDING EXPLANATIONS FOR ANY SIGNIFICANT VARIANCES AT THE NEXT FULL COUNCIL MEETING ON THE 16TH JULY

RESOLVE DATES FOR THE PERIOD FOR THE EXERCISE OF PUBLIC RIGHTS

The Clerk requested she use the dates provided by PKF Littlejohn LLP to avoid any errors. The dates suggested were Tuesday 1st September – Monday 12th October.

IT WAS AGREED TO RECOMMEND THESE DATES AT THE NEXT FULL COUNCIL MEETING ON THE 16TH JULY

DATE OF NEXT MEETING

The Clerk will confirm the date of the next meeting which will be held in September.