

## **Balderton Parish Council – Explanations for ‘No’ responses to section 1 of the Annual Governance and Accountability Return 2023/24 Form**

Compiled by: Marion Fox Goddard, Parish Clerk

Date: April 23<sup>rd</sup>, 2024

### **Section 1, item 2: Financial Management**

Although the council's finances have been closely managed for many years, consideration for protecting staff had not been fully considered. Internal controls were not in place during this financial year to fully protect staff and council funds. The council has acknowledged this and changes to internal controls are underway.

In December 2023, the council considered the financial risk assessment which highlighted this and agreed that banking arrangements would be reviewed in January 2024. This was delayed slightly due to budgeting and precept setting.

At the February full council meeting, the clerk advised that internal controls should be improved. The council agreed to make changes to ensure controls are in place, so bank payments are set up by staff and signed by 2 councillors (electronically through electronic banking) before payment is released rather than input and released by one member of staff. At the time of writing this report the application process is underway to make this change.

We have also recently introduced a system for 2 councillors have sight of every invoice and payroll run. Payroll calculations are checked and signed off by 2 councillors should there ever be a change required in pay scale.

### **Section 1, item 3: Steps to assure no matters of non-compliance**

The Annual Governance and Accountability Return 2023/24 forms were signed off incorrectly at the parish council meeting on 24/5/23. The Responsible Financial Officer liaised with PKF Littlejohn regarding this and put corrective action in place:

The following explanation went to Full Council on October 4<sup>th</sup>, 2023, the AGAR was amended to indicate that the answer to question 1 was 'no'. The updated form was sent to PKF Littlejohn. They concluded the external audit on 1/12/23 – see appendix 1.

**Amended Section 1 Annual Governance Statement 2022/23 – explanation regarding Assertion 1.**

The local elections in May resulted in nine new members for the Council. The first meeting of the new Council was the AGM where the first business of the published agenda was to elect a Chairman; the previous Chairman had stood unsuccessfully for re-election to the Parish Council but was present as the outgoing Chairman to take that first agenda item before handing over to the new Chairman. As discussed prior to the meeting, the outgoing Chairman agreed to alter the order of the scheduled agenda to allow audit items to be taken first and for them to be signed before electing a new Chairman. The Council took a vote on this proposal and it was agreed to proceed accordingly; the outgoing Chairman did not participate in this vote. This is recorded in the minutes of the meeting.

Legal advice has since been sought which states that the Council should have followed the following procedure on the night, which all present were not aware of: The Chairman is not personally taking responsibility for the contents of the form or the previous year's financial management, they are merely providing the 'stamp of approval' on behalf of the corporate body as a whole.

In light of this the Auditor has now instructed the Council to answer "No" to Assertion 1 of Section 1, Annual Governance Statement 2022/23; this amendment has therefore been initialled accordingly by the new Chairman and the Clerk.

Following correspondence received by PKF Littlejohn which raised issues, including with Section 1, assertion 2 it was established that Standing orders were not being followed with respect to Amenities Committees recommendations being considered by Full Council. This continued to be the case during 2023/24 until the council reviewed its Terms of Reference for the Amenities Committee in November 2023 and Standing orders in December 2023, hence this item has been marked 'no' this year.

The clerk is reviewing all council procedures and policies.

## Appendix 1: PKF Conclusion of Audit Report December 1<sup>st</sup> 2023

### External auditor's limited assurance opinion 2022/23

On 26 September 2023, we issued a report detailing the results of our limited assurance review of Sections 1 and 2 of this authority's Annual Governance & Accountability Return for the year ended 31 March 2023. We explained that we were unable to certify completion of the review at that time. We are now in a position to certify completion of the review.

The external auditor report given in Section 3 of the Annual Governance & Accountability Return requires amendments as follows:

Except for the matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Section 1, Assertion 2 has been incorrectly completed; in our view it should have been answered 'No'. The smaller authority has breached its standing orders as follows:

- The Council has routinely been confirming committee minutes as a true record, rather than receiving the minutes and considering recommendations, as per its standing orders. Although minutes are not a verbatim record of the meeting, well-written minutes should be brief yet informative; factual; accurate; relevant; logically presented; and, importantly, include a clear record of resolutions (including recommendations) including those made in confidential session.

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

We received challenge correspondence in relation to the 2022/23 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.



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Following the receipt of objections to the 2022/23 AGAR, the Council investigated its actions at the approval meeting. It accepts that the AGAR approval process was not carried out correctly and has amended the response to Assertion 1 to declare this fact.

One of the matters arising from the additional work as a result of the objections to the AGAR was in respect of the wording of the agenda items, including those to be taken in confidential session. The Council should ensure that all motions on the agenda, and only those items, are considered at a meeting. It is recommended, but not a statutory requirement, that motions or items of business to be taken in confidential session are also included on the agenda.

### External auditor certificate 2022/23

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance & Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2023.

*PKF Littlejohn LLP*

**PKF Littlejohn LLP**  
01/12/2023