

WALBERSWICK PARISH COUNCIL

REPORT from Clerk/RFO

Date: January 30, 2018

To: WPC Meeting of 12th February 2018

Subject: To address the Issues Arising Report from BDO Audit for 2016/17

Aim: To facilitate the discussion of the Council of the under Schedule 7 of the Local Audit and Accountability Act 2014 and help draft an action plan which will be submitted to BDO for their approval prior to posting publicly. This Action will subsequently be used by the Council to address previous short-comings and improve performance going forward.

BDO request under Schedule 7 of the Local Audit and Accountability Act 2014 ("the Act"), that the following points are considered by the smaller authority. A meeting should be held in accordance with Schedule 7 para 5(5) of the Act and in accordance with Schedule 7 5(6) of the Act, the smaller authority should notify us as the auditors of the discussions and proposed action plan to deal with the issues raised.

There are 10 issues contained in the Issues Arising Report (IAR). Each of these are set out below showing the issue as set out by BDO in the IAR, the Recommendation provided by BDO, and a comment and recommendation by the Clerk/RFO. Councillors will also have read the full BDO IAR.

1. Budget

What is the issue

The smaller authority did not prepare a budget for the year to 31 March 2017 by the statutory deadline despite being quorate. It also did not request a precept from the Principal body, although one was paid to them in accordance with the Principal body's arrangements.

The Annual Governance Statement relating to budgets was answered YES.

Recommendation of BDO:

A progress report/budget was set in November 2016 based on projections to the end of the year, however, this was after the statutory required date.

The smaller authority must ensure in future years that an adequate budget is prepared to support its decision making process and to assist the financial management during the financial year. The smaller authority must regularly review, and ensure this review of the budget against the actual income and expenditure is minuted. The amount of budget monitoring undertaken during the year will depend upon the size of the smaller authority and the complexity of its finances.

Clerk/RFO comment and Recommendation for Action Plan:

The Clerk noted this as an issue in 2017 and worked with the Council on the means for ensuring that this was not repeated in the coming fiscal year. This included instituting training for all Councillors including a session on finance, budgets and setting precept offered by SALC. A financial assistant was hired to assist the Clerk improve the Council's financial reporting and to improve the presentation of Parish finances. The Council began deliberations on the proposed 2018/19 budget in November, following the training, and completed the proposed budget at its meeting in January 2018. Using the resolved budget, the Council is setting an appropriate Precept at its meeting in February 2018 which will be submitted to Suffolk Coastal District Council.

In addition, currently in place, at each meeting, is a review of the status of expenditures against expected spending. Therefore, the necessary actions to avoid the Issue related to the budget and precept in 2017/18 from reoccurring in 2018/19 have been taken. The Clerk/RFO also recommends that this be further improved in 2018/19 by continuing to refine the presentation of financials to improve clarity, and including at every meeting a review of expenditures against budget with a clear presentation of line item actuals and planned expenditures against budget. This will be minuted.

2. Clerk/RFO appointment**What is the issue?**

During the year to 31 March 2017 there was not an appointed clerk and RFO (Responsible Financial Officer) in the position for the entire year.

The smaller authority was quorate in January 2016 but did not meet until May 2016 and at that meeting they appointed a councillor to the role of RFO and another, the chairman, to the role of proper officer. Both councillors then took part in the discussions. In August 2016 an independent person was appointed as clerk and RFO. At that same meeting the clerk/RFO resigned from post. At the meeting held on the 12 September it was minuted that the former clerk/RFO had offered to remain as RFO, which was unanimously resolved by the smaller authority. *(Correction provided by BDO: The Council met in March 2016 and 2 meetings were held in August 2016, the Clerk resigned at the second meeting)*

At the 23 November meeting the RFO was made clerk and minute taker for the meeting and the Chairman was made proper officer. At this meeting the smaller authority delegated powers to the chairman to appoint someone to the role of clerk, if they 'deemed them suitable'.

The March 2017 meeting was called by the new clerk whose appointment was resolved at that meeting.

BDO Recommendation

In future the smaller authority should ensure that:

- Delegated powers are only given to officers or committees of the smaller authority.
- A clerk and RFO has now been appointed but if the smaller authority should ever find itself without a clerk or RFO it is important that the position is not filled by the chairman.

- If a councillor does step into the role of clerk or RFO they must not take part in discussions or the decision making process.

Clerk/RFO Comment and Recommendation for Action Plan:

It is understood that it has been very difficult for Walberswick Parish Council to be quorate and to retain a Clerk for the past several years because of the continued difficulties and relentless letter writing and complaints generated by a small number of villagers. This has not only been a substantial drain on the hours of the Clerk, but many of the letters have been and continue to be of a personal nature attacking the Clerk's judgement, qualifications and motivations. Nevertheless, with considerable help from SALC and having a quorate Council of supportive and dedicated Councillors, a Clerk is now in place and working closely with the Council to put things on a more positive track going forward. When and if a new Clerk is appointed in future, the Council is now aware of proper practice and will follow a process whereby a Committee is delegated power to make the selection and appointment. Further, should the Council find itself without a Clerk in future the Chairman will not take the role. If a Councillor steps into the role he/she will take no part in discussion or decision-making.

3. Electors rights

What is the issue?

The 31 March 2016 Accounts were approved after the commencement of the inspection period of the exercise of electors' rights, which occurred during the current audit year.

BDO recommendation:

The Smaller Authority must ensure in future years that the electors' rights inspection period commences after the accounting statements are approved.

Clerk/RFO Comment and Recommendation for Action Plan:

The Accounts and Audit Regulations 2015, reg 15(3) specifies that the Annual Governance statement must be approved. This is followed by the approval of the Accounting Statements. Both statements must be published including on a website with the notice of electors' rights. The electors' rights period should start on the following day. The WPC did not fully comply with the Accounts and Audit Regulations 2015 during the year under audit.

Having a much better awareness of this past short-coming, in future, the Clerk/RFO and Council will work together to ensure that the electors' rights inspection period commences after the accounting statements are approved.

4. Elector's rights

What is the issue?

The accounts were approved on the 5 June 2017 by the smaller authority. However, the annual return was not correctly displayed on the website with the required notices to commence the electors rights period the following day.

BDO Recommendation:

The smaller authority must ensure it complies with the Accounts and Audit Regulations 2015 and displays the annual return on the website with the required notices. The Smaller Authority must also consider how to answer the question concerning the electors' rights period in the Annual Governance statement next year. The period of electors' rights that they must be considering is for **the 2016/17 year** as that is the period that has occurred during the year.

Clerk/RFO Comment and Recommendation for Action Plan:

The Clerk/RFO should produce a checklist to ensure that the rules and regulations referenced by BDO are better adhered to in future years. The Council's consideration of the Annual Governance Statement should also be improved in future so that there is a more systematic discussion of and clarity around each of the Statements.

5. 2015/16 Schedule 7 report**What is the issue?**

BDO issued a schedule 7 Report in the prior year (2015/16) which was considered during the 2016/17 audit year. After the report was considered by the smaller authority BDO was not notified of these decisions and a notice containing a summary of those decisions was not approved by BDO.

BDO recommendation:

When this year's schedule 7 recommendations are considered by the smaller authority they should contact us with a summary of their decisions made for us to approve prior to them being displayed on their website.

Clerk/RFO Comment and Recommendation for Action Plan:

This short-coming is being addressed at present. The Clerk has been following up closely with BDO to receive the Issues Arising Report. While this report would normally have been available by end September 2017, it was delayed because BDO had questions from some electors which made it difficult for BDO to complete their report on expected timelines. (See Item 9 below) The BDO Report, when received in final, was circulated to the Council members and made publicly available as required. Initially, the meeting to consider the report was in January 2018. However, on advice from BDO, the Council delayed the discussion to the planned February 12th 2018 meeting in order to ensure that the BDO report was available, and notice of meeting provided, well in advance of the 8 days required by regulation.

The elements of the Action Plan should be agreed at the Council Meeting on February 12, 2018. This will be provided to BDO for their agreement following which it will be made publicly available.

The Clerk also recommends that, at the time that the Council approves the Annual Accounts in June 2018, that a review of this Action Plan is undertaken to check progress made.

6. Summons for meetings

What is the issue?

For two of the meetings during the year the summons was posted on the website but no associate papers were provided. For another meeting the summons and the papers were not posted on the website but were displayed on a notice board.

BDO Recommendation:

In future the clerk/RFO must ensure that the summons clearly details the business to be transacted and all papers are provided along with the summons.

Clerk/RFO Comment and Recommendation for Action Plan:

Any mistakes made in the past were inadvertent. The Clerk, working closely with the Council, will continue to work to improve the clarity of summons and provide those papers that are associated with Agenda items. In part, the process has been improving over the past year with the resolution of the Council to hold 11 meetings a year on the second Monday of each month. Adhering to such a schedule helps the Clerk and Council plan for Agenda items and necessary reports. The Clerk and Council are well aware of the need to ensure that the Summons, and any associated Reports, are required to be posted three clear days in advance of the meeting and in the case of the BDO Report, eight clear days.

7. Fixed Assets

What is the issue?

The value of assets included in the accounting statements may include items that are not the property of the smaller authority, but are leased from a local charity. The Practitioners' Guide, which is proper practices for smaller authorities, contains no guidance in relation to leased assets. It refers to payments going out the cash book being included in the asset register. We are not aware that any money has been paid for these asset apart from a minimal annual lease cost.

BDO Recommendation:

The smaller authority should review the asset register and ensure it reflects all assets owned by the smaller authority and ensure it complies with Proper Practices.

Clerk/RFO Comment and Recommendation for Action Plan:

It was resolved during the year that items included in the register were the property of the smaller authority with particular reference to items, including the Pavilion, associated with the playing fields. Therefore, there are currently no items on the register of assets that are leased. The list of items was also reviewed at a Council meeting in September 2017 when a new insurance policy was agreed.

Going forward, the Asset Register should be reviewed and updated each year for completeness. Councillor Sutherland-Rogers has volunteered to undertake the asset review this year including by walking around the Village to see the listed assets.

8. Grant monies

What is the issue?

During the year the smaller authority received grant monies. However the minutes of the smaller authority do not evidence that any resolution was made to apply for the funding, although the minutes do imply that grant monies may be received.

BDO Recommendation:

In future, the smaller authority must ensure that all decisions taken by the body are proposed and resolved by a meeting of the body. If this is not done and recorded in the minutes of the smaller authority then no action should be taken.

Clerk/RFO Comment and Recommendation for Action Plan:

It is essential that no grant monies, or other actions that require a resolution of Council, are undertaken without a minuted Council resolution. It is also essential that the resolutions of the Council are followed and implemented. In future, the Clerk will show the minuted decision of the Council before seeking any signatures or submission of grant requests.

9. Display of accounts

What is the issue?

The annual return opinion was not issued by 30 September and therefore the smaller authority were unable to publicise completion by that date.

BDO Recommendation:

BDO itself was unable to meet the deadline due to the electors' questions that they were investigating and this delayed BDO from giving their opinion to WPC.

Clerk/RFO Comment and Recommendation for Action Plan:

As noted in Issue 5 above, the Council acted appropriately with BDO and because of electors' questions, the return opinion was not issued by 30 September. The Council will continue to submit its information on time. Receiving the Report from the review next year will depend on how the new auditor deals with electors' questions, if any.

10. Payments made

What is the issue?

During the year the smaller authority incurred costs for the maintenance of land they lease from a local charity. From a review of the minutes of the year and previously no delegated authority could be found to give authority to anyone to sign a lease on behalf of the smaller authority. A minute was made in June 2017 'Councillors to retroactively adopt the lease from WCLC that was signed and effective as of 2009 but had not been subject to formal adoption by WPC. '

BDO Recommendation:

The agreement dated 2009 provided was only signed by the smaller authority. Action should be taken to obtain a copy signed by both parties. In future if any agreements are to be entered into the

smaller authority must ensure that they are discussed and resolved by the smaller authority before adoption. In future, before any payments are made on any land leased by the smaller authority they should ensure that a valid agreement is in place.

Clerk/RFO Comment and Recommendation for Action Plan:

A full review of the Playing Fields, to which this issue is related, was undertaken during the year and outstanding questions associated with the responsibilities, ownership, and license were resolved. It is incorrectly stated in BDO's report that the "lease was signed only by the smaller authority". In fact, there is only a License, not a lease, and the license was signed by both the Council and Charity representatives. The License was made publicly available during 2017. Nevertheless, the inadvertent failure in 2009 to record in the minutes the Council's approval for the renewal of the License, which had been in place for more than 25 years, needed to be rectified.

Going forward, the Council agreed in 2017 to review with the Charity the renewal of the License in the course of 2018 given that the License expires in 2019. In addition, the Council has approved the allocation of budget for legal assistance in executing future License or Lease agreements and will ensure that all decisions are properly taken at Council meetings and minuted.

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