

Annotations by Clerk in red italic

I have examined the financial and business records of the Parish Council for the year 2019/20. The audit coincided with the COVID-19 pandemic and consequential Council adoption of Emergency Operating Procedures (20 March 2020), there were therefore no physical meetings of the Council or quarterly Internal Review after 20 March 2020. In keeping with the governments measures to restrict and control the spread of the virus, as well as minimising the risk to the individuals concerned with the audit, all the documents reviewed were supplied in electronic format.

The following Resolution was passed 20 March 2020 to permit the Council to continue its business:

3118 Emergency Operating Procedures

Resolution: in light of the Coronavirus (Covid-19) pandemic and government advice, the following Emergency Operating Procedures to ensure Business Continuity are agreed:

- (a) Should the council be unable to meet for whatever reason, the Clerk be given delegated authority to progress all ongoing matters and projects and authorise all regular payments and incur expenditure in line with the council's agreed budget.
- (b) Any decisions taken under resolution (a) above will be taken, whenever possible, in consultation with the Chairman and Vice Chairman of council. A record of all decisions and expenditure incurred under delegated authority will be kept and reported to members when the council next meets.
- (c) The authority to decide the council's response to planning applications be delegated to the Clerk in consultation with the Chairman and Vice Chairman of council. Whenever possible, members of the council will be informed of applications out for consultation and will be invited to submit comments to the Clerk.
- (d) The provisions outlined in resolutions (a-c) above will override any requirements to the contrary in the council's standing orders, financial regulations or terms of reference.
- (e) Should the Clerk be unable to perform her duties, another member of the council will assume the role of Proper Officer and RFO in an unpaid capacity.
- (h) The Clerk, in consultation with the Chairman and Vice Chairman, may incur expenditure from the Reserve where such expenditure will help the community's efforts to support those in need of assistance or prevent social isolation.
- (i) Should government allow councils to meet virtually (online), the council will take all reasonable steps to facilitate this.

There were some issues experienced reviewing e-documents supplied, ie council meeting minutes, produced in word table format, in so far as Apple Pages does not allow table rows to break across pages and therefore content was lost. The issue was however identified and the minutes stored on the village website were utilised for review purposes until November 2019, when minutes were no longer recorded in table format. *Table format discontinued to meet Accessibility requirements*

POLICIES AND PROCESSES GENERAL – for the purpose of this audit the following documents were reviewed:

1. Monthly meeting minutes including extraordinary meetings.
2. Interim Finance Reports for each month.
3. The Orders Book.
4. Monthly Bank Reconciliations.
5. Monthly Bank Statements.
6. The Approved Budget.
7. Council Daybook.
8. Finance Statement as at 31 March 2020.
9. Receipts and Payments.
10. Summary of Balances.
11. Asset Listing.
12. AGAR forms for FY19/20.
13. Certificate of Exemption - AGAR 2019/20 - Part 2.
14. Annual Review of Effectiveness of the System of Internal Control for the Year Ending 31 March 2020.
15. Risk Management Report FY18.19 - correct to 31 October 2019.
16. Financial Regulations Nov 19.
17. Code of Conduct Nov 19.
18. Standing Orders Nov 2019.

FINANCIAL RECORDS REVIEW – 2019/20 was the first full year of internet banking for the Council which, fortunately given the circumstances, negated the need to review cheque book stubs. The financial records are maintained to a high standard, with cross checking embedded in to the spreadsheets, enabling simple audit control, carried out and recorded quarterly. The Council managed their financial budget in accordance with their Financial Regulations, identifying, recording and approving any overspends, prior to any invoices being paid.

ASSET REGISTER – the council has made several acquisitions over the course of the year and has now provided grit bins on the roads, an additional dog waste bin and seating at the village war memorial. The Council are most fortunate that they have very capable, pro-active members who secure and locate items of street furniture on behalf of the council. Furthermore, the council has been gifted some of the items, bus shelter and telephone kiosk, at little or no cost. However, council may wish to review the sum assured for street furniture to ensure that in the event of any accident or incident, the cover is sufficient to cover reinstatement, on a like for like basis, including clearance and installation costs. Likewise, with regard to fences and walls, the cost of replacing significant parts of the cemetery, churchyard and Pound perimeters, is likely to exceed the £12500 insurance value.

The council possesses consumable assets that have expected life and therefore will require replacement, yet there is no depreciation shown for such assets and their value therefore stays fixed

year on year. Depreciation is not covered under the Finance Regulations, but giving items a useful life and apportioning depreciation would assist in replacement planning and budgeting.

JPAG guidance: For authorities covered by this Guide, an appropriate and commonly used method of fixed asset valuation for first registration on the asset register is at acquisition cost. This means that in most circumstances once recorded in the asset register, the recorded value of the asset will not change from year to year, unless the asset is materially enhanced. Commercial concepts of depreciation, impairment adjustments, and revaluation are not required or appropriate for this method of asset valuation. For reporting purposes therefore, the original value of fixed assets will usually stay constant throughout their life until disposal.

Action agreed at Min 3141 (1 June 2020): Clerk to update Asset Register with estimated replacement costs/dates taking advice via SALC of how other parishes value and insure fences and walls.

Interesting to note that the Village Green ownership has reappeared on the council minutes, (discussed further below).

Note: Christmas tree lights and electrical supplies listed as being held by G Balmer, Orchard Rise. Electrical supplies only held. Butchers Hill not Orchard Rise. *Noted for correction.*

COUNCIL MINUTES – I have the following observations on the council’s minutes:

1. Minutes of the Annual Meeting of Fivehead Parish Council - 7 May 2019. Minute 2945 - KB presided over the elections. It is my opinion that the Vice Chair should have presided over the election of the Chairman. *Min 3141 (1 June 2020) KB and LH confirmed that Minute 2945 is in error as LH not KB presided over the elections. Action: Clerk to amend Min 2945.*
2. Minutes 2940d and 2975h. Two resolutions were passed committing finance without either a proposer or seconder. The second also noted that there would be an overspend. *Agreed - omission in Minutes.*
3. Minute 2978 - Application with a deadline of 21 Jun 19 was received after the agenda was published – Members agreed that they had no objections and, therefore, did not require a separate meeting to be called to discuss the application. Should this not have required a vote from members? I consider that this should have been moved to resolution. *Agreed – error.*

Actions within the minutes continue to be extremely difficult to follow at times, since August 2018 the subject of the Pound being listed has been reported under sub-headings of Asset Register, Glendale Development and Glendale Development, Pound and Butchers Hill. With regard to the Pound, it is clear from the minutes that work has progressed on establishing ownership through the land registry, but the original action to investigate listing the Pound has now disappeared from the minutes. I reported last year that the action to establish ownership of the Village Green had been dropped without apparent closure. The subject arose this year under Minute 3034 as a medium-term action placed on the parish clerk. No previous mention of establishing ownership of the Village Green had been minuted since August 2018. This raises the question of action management and ensuring that actions are followed up and closed effectively. Council may wish to introduce an action tracking system and if an action is to be closed with no further consideration, then this should be clearly minuted.

Min 3141 (1 June 2020): Action: in the light of current COVID-19 Emergency Operating Procedures, Clerk to prepare an Action Listing to track actions.

Minutes should be clear and concise, but more importantly easy to follow. Matters arising from previous minutes and raised by members appear to come in random order with random headings, compare Minute 3070 with Minute 3109 and I think it becomes self-explanatory.

Minutes of an Extraordinary Meeting of Fivehead Parish Council dated 30 Mar 2020. The planning meeting held under Emergency Operating Procedures described three planning applications with the following outcomes:

1. Seven Members of the Parish Council recommended approval and offered the following comments.
1. Members were split on whether this application should be approved. One in favour; one against on grounds of Cumulative Impact (see below); and five raising the concerns and Conditions listed below.
2. One Member opposed the development on the grounds of Cumulative Impact. Six Members did not object but raised the following points/queries for resolution:

From the details above my question is how many members voted for, how many members voted against and how many members abstained?

Min 3141 (1 June 2020): Other minor errors in, and improvements to, the Minutes will be noted.

This concludes the independent internal auditors report for Fivehead Parish Council, for year ending 31st March 2020.

Gordon Balmer
15th May 2020