

## **LBPC 2021 Audit – Parish Council Response to the Auditor's Report**

From the tone of various comments, the Auditor does not fully appreciate that ours is a small Parish of some 120 residences.

Similarly, the Auditor does not appreciate the intrinsic difference between the funding and application of our Treasurer's Account and the Community Fund Account.

Whilst the "template" for Governance may be appropriate for larger Parishes, history and practicalities indicate that Little Bardfield Parish Council only needs to schedule four formal meetings each year.

Additional "emergency" meetings can be and are called if, as and when required.

Similarly, with a Parish Council nominally comprising of five Parish Councillors, it is neither practical nor necessary to assign formal "portfolios" to individual Councillors.

Tasks and projects are handled by the most conversant Councillor at the time a need arises.

### **Reponses to the Auditor's Findings**

1. The Council is more than aware of being short of two Councillors. The vacancies have been advertised on its Noticeboards, its website, in its Annual report and in the monthly publication of The Bardfield Times. One resident was co-opted and then resigned after a short time because of a change in personal business commitments. Residents rarely attend Parish Council meetings, neither physically nor online.

We do not accept the implication that we are inactive with this quest.

Any passing comment that we should do more to recruit or combine with another Parish is neither well received nor relevant.

2. The spreadsheets to control the two bank accounts have been revised to show separate columns for gross, nett and VAT.

The revised spreadsheets for the year end will be published on the website.

3. We accept that normally a budget would be set at the same time as the Precept. However, our bank balance is currently equal to 4 times the Precept which has previously raised a query by the Auditor. Consequently, we set our Precept with the intention of reducing the surplus funds. The Precept must be set in November to meet Uttlesford's Council Tax timetable. Our budget is set in February using this Precept and a forecast based upon the actual expenses recorded for the previous year plus any additional information which becomes available.

A five year forecast model is referenced to assist with Precept and Budget preparation.

The Council has a clear understanding and firm control over its finances. To be meaningful, it will continue to set its Budget for the following financial year at its February meeting.

4. With only four scheduled meetings each year it is unreasonable for the Parish Council to hold invoices for payment for some months before they are paid. Hence the reason why payments are authorised by emails between the Parish Clerk and Councillors.

No payments are authorised or paid before they are approved by email by all the Councillors. The Parish Clerk has authority to create bank transfer payments against approved invoices. All three existing Councillors have authority to create and authorise payments. Every payment requires two authorities for it to be processed by the bank. The Parish Clerk and all the Councillors can at any time view online the status of both bank accounts.

We consider that adequate controls are in place for both accounts.

We will implement the recording of any past payments made and any invoices awaiting payment in the Minutes of a meeting.

5. & 7 Insurance value & Assets Register. The Register will be reviewed for completeness by item and initial value.  
The updated Asset Register will be published on the website and used to obtain a revised quote from our Insurers.
8. The Notice of Public Rights will be reviewed and corrected where required.
9. Transparency code. It would have been helpful if the Auditor had indicated specifically what the claimed omission was.

#### **Reponses to the Auditor's Recommendations**

1. The Council are currently in the fortunate position of having a well-funded Treasurer's account. Although the Auditor's suggests setting our Budget in November while the Precept is set, [the Council consider it more appropriate to continue to set its Budget at its February meeting.](#)
2. The Council will amend its financial control spreadsheets for both bank accounts to show separate columns for Gross, Nett and VAT. The End of Year 2020/21 accounts and its 5 year Budget Model will be amended accordingly. [The amended accounts will be posted on its website.](#)
3. [The Council will implement the recording of any past payments made and any invoices awaiting payment in the Minutes of its meetings.](#)
4. The items and values in the Asset Register will be checked.  
[After any necessary revision, the total value will be used to obtain a revised Insurance quote.](#)
5. [The Notice of Public Rights will be reviewed and corrected where required.](#)
6. [It has not been pointed out to us precisely what items are apparently missing from being published on the website. It is somewhat difficult to comply with this recommendation.](#)

#### **Reponses to the Auditor's Expectations of Annual Governance and Accountability.**

- B: The same procedure applies to both the Treasurer's Account and the Community Fund Account. Invoices are retained by the Parish Clerk for record and audit purposes.  
No payments are authorised or paid before they are approved by email by all the Councillors. The Parish Clerk has authority to create bank transfer payments against approved invoices. All three existing Councillors have authority to create and authorise payments. Every payment requires two authorities for it to be processed by the bank. The Parish Clerk and all the Councillors can at any time view online the status of both bank accounts.  
[We consider that adequate controls are in place for both accounts.](#)  
[Past payments made and invoices outstanding will be recorded in the Minutes of the next meeting.](#)
- C: To our knowledge, Parish Councils are not formally obliged to have a website. The comment regarding NALC recommending Parish Council websites to have .gov.uk addresses is news to us. The website was deliberately set up as a Parish website to encourage the involvement of the residents and not an extension of Local Government.  
The implied criticism of our independent efforts to be transparent and advise our residents of much information is not well received.  
[Until formally advised otherwise, we will continue to use the existing Parish website address.](#)  
The comment regarding insurance cover. It was appropriate for the declared Assets at the commencement of the year in question. During the year two defibrillators were added.

The Asset Register is being reviewed for completeness and accuracy and will be published on the website.

[Its value will be referenced when updating the Council's Insurance cover.](#)

D: We are obliged to set the Precept in November to meet the time frame requirements of Uttlesford District Council in computing the Annual Residential Council Tax Bill.

We are currently in a very favourable position regarding funds in both Accounts.

Our rolling Five Year Forecast Model for the Treasurer's account enables us to estimate the effect of inflationary factors and adjust the Annual Precept at our November meeting to reduce the current significant surplus.

[Agreeing the budget for the following Financial Year at the scheduled February Meeting is far more accurate than guessing at the in November when only halfway through the current Financial Year. This demonstrates responsible control of our finances and minimises the council tax impact upon our residents. An historic table of the Precept and Council Tax is maintained and published on the website.](#)

The main reason for the current surplus in the Treasurer's account is due to a failure for several years by previous Parish Clerks to claim an annual verge cutting grant from Essex County Council. The outstanding back payments have since been received and accrued into the Treasurer's account. Currently, expenditure on verge cutting and a village Handyman has been less than the grant, thus generating a surplus.

Some years ago, a monetary reserve was held in a separate bank account to meet the potential cost of a full Parish Councillor Election. That account has been closed for over two years and the then balance accrued into the Treasurer's account.

As the residents show little interest in the Parish Council, until some specific item might personally impact upon themselves, it proves to be near impossible to recruit or retain a full complement of five Parish Councillors. It is therefore somewhat pointless to reserve an election fund.

The Parish Council have advertised its vacancies on its Noticeboards, on its website, in its Annual Report mailed to all residences and in the monthly Bardfield Times publication. All with no result.

[Any passing comment that we should do more to recruit or combine with another Parish is neither well received nor relevant.](#)

Community Fund: It needs to be clearly understood that the Parish Council are just custodians of the Community Fund. It is funded annually by compensatory payment by the operator of the Hawkspur Green solar farm.

[It is distinctly separate from the Precept and the Treasurer's account. Furthermore, it cannot be considered either as reserve to the Treasurer's account or a means of subsidising the Precept Council Tax.](#)

Expenditure from the Community Fund is listed in the Annual Report. It is separately reported to Lightsource, the Hawkspur Green solar farm operators who are the sole contributors to this account.

M: [The observed error will be addressed.](#)

N: Items missing from the website: Whilst there is not specific direction from this finding, the following assumptions are being made:

1. AGAR documentation? [This year's documents will be posted.](#)
2. Model Standing Orders 2018 (Revised 2020). The 2018 issue is posted on the website under Documents and Policies. [It will be replaced by the 2020 version of which were not aware.](#)
3. Model Financial Regulations 2019. It is posted on the website under Documents and Policies.

## **Appendix 2**

### **Publication of End of Year Accounts.**

The Treasurer's Account, Community Fund Account, and Asset Register are all published on the website under Finance, End of Year.

There was only one variance for an outstanding unpresented cheque for £25. This item was listed.

The bank reconciliation v the accounts is clearly shown on the two spreadsheets. The Treasurer's account spreadsheet shows a detailed breakdown by code of every item of income and expenditure.

We fail to appreciate what has been omitted or what else is required.

Full publication of the accounting documents, the Auditor's findings, and the Parish Council responses will be published on the Parish website.

### **Publication of Internal Audit.**

The Auditor acknowledges that the full report is visible on the website. At issue appears to be in its display format.

This observation will be reviewed.

### **Publication of List of Councillor Responsibilities.**

The composition of the Parish Council is clearly listed, together with the supporting roles of Parish Clerk, District Councillor and County Councillor on the Noticeboards and on the website.

The membership of this Parish Council is too small to have sub committees or assigned specific roles.

The current Councillors apportion various tasks as best suited between the three of them.

We have been encouraged by the support and compliments received from both our District and County Councillors so we must be doing some things right!

Local Government is fortunate that the current Parish Councillors have been able to maintain an effective and active Parish Council, even though this fact is not acknowledged in the Auditor's Report.

### **Publication of Land and Building Assets.**

We accept that we are in default for not recording zero land and zero building assets in our Asset Register. This will be addressed.

Response complied on behalf of Little Bardfield Parish Council by

T H Cutmore

Vice Chairman

14 May 2021