

# Section 1 – Annual Governance Statement 2021/22

## Explanation of Negative Responses

### Pettistree Parish Council

#### Introduction

The Council was met with the sad news of the death of its Parish Clerk in October 2021. The recruitment of a replacement was not successful during the remainder of the year. Following agreement to separate the Council's staff positions, a Responsible Financial Officer was appointed in March 2022.

#### Assertion 1

*We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.*

#### Background 1: Practitioners' Guide (March 2021) (Sections 1.8 - 1.13)

*Budgeting – The authority needs to monitor actual performance against its budget during the year, taking corrective action where necessary.*

*Bank reconciliation – Statements reconciling each of the authority's bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end, and reviewed by members of the authority.*

*Statement of accounts – The authority needs to ensure that arrangements are in place to enable preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.*

*Reserves – The authority needs to have regard to the need to put in place a General Reserve Policy and have reviewed the level and purpose of all Earmarked Reserves.*

#### Explanation 1

There did not appear to be any reference in the minutes to the review and noting of receipts and payments and the review of budget reports during the year.

Whilst minutes recorded the presentation of bank reconciliations during the year, there did not appear to be any reference in the minutes to the Council's review and approval of bank reconciliations.

Minutes of the Council's meeting in April 2021 confirmed the signing of the Certificate of Exemption and that the remaining audit paperwork could be prepared based on figures presented at the meeting. The Accounting Statements were subsequently prepared and signed by the Chair in June 2021. Consequently, the Accounting Statements and Explanation of Variances did not appear to have been formally presented to Members and approved by the Council.

The Council did not appear to have a General Reserve Policy.

There are plans for these areas to be addressed in future following the recruitment of a new Parish Clerk and under the stewardship of the new Responsible Financial Officer.

## **Assertion 2**

*We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.*

### **Background 2: Practitioners' Guide (March 2021) (Sections 1.14 - 1.20)**

*Review of effectiveness – Regulation 6 of the Accounts and Audit Regulations 2015 requires the authority to conduct each financial year a review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement.*

*Standing Orders and Financial Regulations – The authority needs to have in place standing orders and financial regulations governing how it operates. These need to be regularly reviewed, fit for purpose, and adhered to.*

### **Explanation 2**

There did not appear to be any reference in the minutes to the Council's independent review of its internal controls.

There did not appear to be any reference in the minutes to the Council's annual review of its Standing Orders and Financial Regulations.

There are plans for these areas to be addressed in future following the recruitment of a new Parish Clerk and under the stewardship of the new Responsible Financial Officer.

## **Assertion 3**

*We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.*

### **Background 3: Practitioners' Guide (March 2021) (Section 1.22)**

*Acting within its powers — All authorities' actions are controlled by statute. Therefore, appropriate decision-making processes need to be in place to ensure that all activities undertaken fall within an authority's powers to act. In particular authorities need to have robust procedures in place to prevent any decisions or payments being made that are ultra vires, i.e. that the authority does not have the lawful power to make. The exercise of legal powers needs always to be carried out reasonably. For that reason, authorities making decisions need always to understand the power(s) they are exercising in the context of their decision making.*

### **Explanation 3**

There did not appear to be any record maintained confirming the legislation under which each payment made by the Council was permitted to be made. Furthermore, with the exception of the meetings in November 2021 and March 2022, there was no evidence recorded in the minutes that the payments presented for the Council's consideration had been authorised. In addition, the Council held its annual meeting in April 2021 rather than in the prescribed month of May 2021. Also, a precept of £2,550.59 was requested by the Council in December 2021. However, confirmation of approval of the amount had not been recorded in the minutes of the meeting held in November 2021.

There are plans for these areas to be addressed in future following the recruitment of a new Parish Clerk and under the stewardship of the new Responsible Financial Officer.

## **Assertion 5**

*We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.*

### **Background 5: Practitioners' Guide (March 2021) (Sections 1.31 - 1.32)**

*Identifying, assessing and addressing risks - The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences. Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk.*

### **Explanation 5**

There did not appear to be any reference in the minutes to the Council's review of its risks. In addition, there did not appear to be any reference in the minutes to the review and approval of the Council's insurance cover and renewal arrangements.

There are plans for these areas to be addressed in future following the recruitment of a new Parish Clerk and under the stewardship of the new Responsible Financial Officer.

## **Assertion 7**

*We took appropriate action on all matters raised in reports from internal and external audit.*

### **Background 7: Practitioners' Guide (March 2021) (Sections 1.37)**

*Reports from auditors – To warrant a positive response to this assertion, the authority needs to have considered all matters brought to its attention by its external auditor and internal audit and taken corrective action as appropriate.*

### **Explanation 7**

There did not appear to be any reference in the minutes to the Council's receipt and formal review and approval of the findings of the internal audit report. In addition, there appeared to be no reference in the minutes to the Council's subsequent review of the implementation of the actions agreed.

There are plans for these areas to be addressed in future following the recruitment of a new Parish Clerk and under the stewardship of the new Responsible Financial Officer.

## **Transparency Code Compliance**

*The authority website/webpage is up to date and the information required, mostly for 2020/21, by the Transparency Code has been published, mostly by 30 June 2021.*

### **Background: Transparency Code for Smaller Authorities (December 2014) (Annex A)**

*Parish councils with an annual turnover not exceeding £25,000 should publish all items of expenditure above £100, end of year accounts (including explanations of any significant variations), annual government statement (including explanations of any negative responses), internal audit report, list of councillor or member responsibilities, location of public land and building assets and minutes and agendas of formal meetings.*

**Explanation**

The Council did not appear to have published a list of councillor or member responsibilities. In addition, the Council did not appear to have published a list of all items of expenditure above £100, explanations of variances in support of the accounting statements in its end of year accounts, a copy of the annual internal audit report and a copy of its register of assets, all for 2020/21.

There are plans for these areas to be addressed in future following the recruitment of a new Parish Clerk and under the stewardship of the new Responsible Financial Officer.