

## Action Plan – Annual governance Statement 2020/2021

Notes of meeting held on 12 August with Evelyn Divall and David Buckett to discuss the AGAR document for the year 2020/2021 including a detailed explanation of the recommended “NO” responses to 7 of the Assertions within the Annual Governance Statement and suggested Council “action plan”.

### Information available for meeting:

AGAR returns for 2019/2020; 2020/2021  
Accounts for 2019/2020; 2020/2021  
Asset List Information  
Bank statements  
Internal Audits

### Issues Discussed:

#### Completion of AGAR:

Page 1 – AGAR 2020/21 Part 3 – No information required.  
Page 2 – AGAR 2020/21 Part 3 - Completion required at meeting  
Page 3 – Annual Internal Audit Report 2020/21 – Completed by Internal Independent  
Page 4 – Section 1 – Annual Governance Statement 2020/21 Draft response agreed with DB. (See notes provided below)  
Page 5 – Section 2 – Accounting Statements 2019/20 and 2020/21 - Information discussed and agreed with DB, RFO signature dated 12/08/2021 at conclusion of audit with DB. (See notes provided below)  
Page 6 – Section 3 – External Auditor’s Report and Certificate 2020/21 – to be completed by External Auditor (PKF Littlejohn)

#### Page 4 – Section 1 – Annual Governance Statement 2020/21:

##### Assertions 1, 2 & 3: RECOMMENDED RESPONSES – “NO”

Refers to the Self-Employment status of ED, lack of formalised internal controls supported by up to date Financial Regulations and Standing Orders and an issue relating to the submission of a Planning Application for a new Sports Clubhouse.

- a. **Self-Employment:** Provision made with effect from April 2021 for ED to become employee of PC. ED/DB discussed the need for the Council to register with HMRC and the Pensions Regulator, the possible outsourcing of the payroll administration to a Payroll Provider. The Clerk currently submits an “account” to the Council inclusive of office costs, telephone/broadband, stationery and IT software licences. DB advised that the Council should have a proper “Contract of Employment” in place (see NALC Model contract of employment), which would include the rate of pay and hours of work and holiday entitlement etc. ED suggested quarterly payments of salary, DB advised this could be acceptable to Councillors but normally payment arrangements would be on a monthly basis with a monthly payslip and would need to be incorporated into the agreed contract of employment.

Risk assessment discussed DB/ED: ED not liable for NI contributions since 2009, ED opted out of pension provision by PC BUT needs to be confirmed with the Pensions Regulator, self-employment tax returns provided by ED annually to HMRC and no outstanding tax due.

Apparently, HMRC has already been contacted by Cllr Mrs Vidler regarding the situation, “suggestion made that issue be put right going forward, no mention of any penalties”. The PC needs to urgently regularise the employment status of the Clerk and register with HMRC accordingly.

- b. **Planning Application:** The Clerk advised that at a recent Council meeting it was confirmed by Cllr Shepherdson that Cllr Moore authorised the submission of the planning application by Sports Clubhouses, a design & build pavilion and clubhouses company. There is no supporting record in the Council minutes of decisions and authority being given to submit a planning application. The Planning Application was submitted during 2020/21.

**ACTION to be taken by the Council**

- i) **To regularise the employment status of the current Clerk and register with HMRC & the Pensions Regulator. To improve the effective financial management arrangements and internal controls**
- ii) **To continue to investigate the unauthorised planning application for a new pavilion/clubhouse and work with the PC insurers with regard to the financial implications of the current threat of legal action against the PC to claim compensation.**

**Assertion 4: RECOMMENDED RESPONSE – “NO”**

The Council is unable to provide evidence of proper compliance with the exercise of public rights in respect of the AGAR 2019-20 as reported by PKF Littlejohn in their External Auditor's report.

**ACTION to be taken by the Council**

- i) **To provide for the proper exercise of public rights in respect of the AGAR 2020-21 but this will NOT be within the specified timescales and hence will not be compliant for 2020-21. The Council will endeavour to comply with the appropriate timescales in 2022 for the AGAR 2021-22.**
- ii) **Secondly, at the time of the Meeting 12 August 2021 the Council did NOT have a publicly available website, although the Clerk advised that the Council was in the process of setting up a new “accessibility compliant” website using the Vision ICT Ltd platform.**
- iii) **The website MUST be in place before the revised AGAR deadline of 27<sup>th</sup> August 2021 to successfully post the signed AGAR with the required “Notice of Public Rights”. Placing the AGAR and Notice on the Council's official noticeboards is NOT sufficient to comply with the “proper compliance”. This is set out in the Detailed Instructions for the 2020/21 Limited Assurance Regime downloadable from the PKF Littlejohn website.**

**Assertion 5/6: RECOMMENDED RESPONSE – “NO”**

The Council is unable to provide evidence that sufficient attention was given to manage all the potential risks.

**ACTION to be taken by the Council**

- i) **To establish a comprehensive “risk register” covering all the potential risks faced by the parish council with an action plan to manage/control the risks (utilising risk assessment templates) with an annual review process in place including insurance cover to mitigate potential risk/loss.**
- ii) **Possibly engaging professional support to compile the risk register and associated risk assessments.**

**Assertion 8: RECOMMENDED RESPONSE – “NO”**

The Council is aware that there may be a financial impact related to the two issues mentioned in relation to Assertions 1, 2 & 3 above. Although the Clerk has been self-employed during the 2020-21 financial year and has submitted tax returns as required there may be some financial penalty for the Council due to the “employment position” error made by the Council in 2020-21 and previous financial years. There may also be some financial repercussions caused by the “unauthorised planning application” in the Council's name.

**ACTION to be taken by the Council**

- i) **To regularise the employment status of the current Clerk and register with HMRC & the Pensions Regulator.**
- ii) **To unravel the unauthorised planning application for a new pavilion/clubhouse.**

**Page 5 - Section 2 – Accounting Statements 2019/20 and 2020/21**

Following the discovery of the Clerk's self-employment status not being legal DB advised that some of the figures in the draft Accounting Statements for 2019/20 and 2020/21 would need amending as follows:



## **2019/20**

**Box 4 Staff Costs - Needs to be "RESTATED"** showing nil for staff costs reflecting the self-employment status of the Clerk, instead of the £7,500 previously stated. **Restated figure = £0**

**Box 6 All Other Payments – Needs to be "RESTATED"** by adding £7,500 previously shown in Box 4, ie increasing to £31,537 confirming the Clerks self-employment. **Restated figure = £31,537**

**Box 9 Total Fixed Assets – Needs to be "RESTATED"** as some of the asset values have been changed from year to year to reflect new insurance values or current replacement costs instead of using the original purchase price or suitable "proxy value", where the original purchase price is unknown. Following discussion between ED & DB it was agreed that those assets affected should be "restated" back to their original purchase price, where known or a suitable "proxy value". The net result is a change from the original value of £120,500 to an increased value of £142,193. **Restated figure = £142,193**

## **2020/21**

**Box 4 Staff Costs – Figure = £0** reflecting the Clerks self-employment position.

**Box 6 All Other Payments – Figure = £46,347** includes £13,600 paid to the Clerk as a self-employed person.

**Box 9 Total Fixed Assets – Figure = £112,193** no new assets purchased during 2020-21 but £30,000 worth of Play Equipment was removed from the play area being deemed unsafe and beyond economical repair

**Following these amendments to the draft Accounting Statements the Clerk in her capacity of RFO signed Section 2 on 12 August 2021**