Lapford Parish Council
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REPORT BY THE PARISH CLERK

Meeting Date: 20th April 2021

2019-2020 PUBLIC INTEREST REPORT (PIR) FROM PKF LITTLEJOHN

Introduction

1. Lapford Parish Council has received the attached PIR for the financial year ended 31st March 2020, resulting from its inability to keep to the deadlines set out for the Annual Returns for that year. This report explains some of the background to this, alongside what has to be done and what the Parish Council can decide to do about it.
2. The Annual Governance and Accountability Return (AGAR) system is designed to ensure that the 8,000+ parish councils in England and Wales account for their finances in a robust and consistent way. The AGAR for a Parish Council such as Lapford would normally be a relatively simple process, which is clearly laid down by legislation and regulation.

Lapford Parish Council's AGAR Position

3. In previous years, the parish council would have been able to discharge its external audit liabilities by sending in a **Certificate of Exemption (CoE)** rather than being subject to a **Limited Assurance Review (LAR)**. The distinction between the two levels of requirement is measured by the council's turnover in the year being less than £20,000, which Lapford PC's has usually been.
4. In 2019/2020, however, Lapford Parish Council drew down a loan from the PWLB of £75,000 towards the Lower Town Place project, which increased its turnover to £94,582 for the year, outside of the scope of the certificate of exemption route, meaning that a full set of documentation was required by the auditors.
5. The parish council failed to meet its AGAR obligations, resulting in the Public Interest Report.

The AGAR Requirements

6. The distinction between the two sets of requirements is limited mostly to what has to be sent to the external auditors, rather than what has to be produced. The requirements are mostly the same. The council **has** to produce, whatever its turnover:-
   a) Sets of accounts on a **receipts and payments**, or **income and expenditure** basis, with the former being the usual basis for small parishes, and the one traditionally done by Lapford. From this the AGAR requires a basic analysis of the data in its **Financial Statement**.

b) A **Governance** statement outlining the internal checks and controls operated during the year.
c) An **Internal Audit** final report for the year to verify that the processes within the parish council are adequate and match the governance statements made.

7. In the case of a council having to undertake a limited assurance route, all of this information has to be sent to PKF Littlejohn, for them to carry out the **Limited Assurance Review (LAR)**, which results in a response which either has no comments, or matters that need to be addressed. The review can result in qualification of the accounts at worst.
8. During all of this, there is a period of time during which the general public have the opportunity to see and question the auditors on matters of concern. The basis of this has to be seen to be advertised by the parish council.
9. The difference between the two routes is that the LAR requires the matters in paragraphs 5a to 5c above all, plus other specified information, have to be sent to the External auditors, whereas for a CoE the parish council is just required to publish the information.

Lapford Parish Council's Background to the PIR

10. The situation that Lapford found itself in was unfortunate, because it related to the absence of the previous clerk on long-term sick leave. Parish Clerk's are often the council's only true employee, with little or no back-up if things start to deteriorate. They often take possession of all of the council's bank information, documents, computers, passwords, etc. From a security point of view, this is unsatisfactory and makes for particular problems if illness or grief strike. This is what happened in the case of Lapford.
11. The Clerk did not expect to be off sick for a long time, with her last involvement being in February 2020, but she still had possession of the council's laptop and all of its essential data. This was exacerbated by the nature of her illness which meant that she could not face contact with her employers, meaning that the necessary paperwork was locked away with no access for the parish council.
12. Repeated attempts to gain access to the information and machinery came to nothing, even with attempts by the police to persuade her to give it all back. Eventually, in late 2020, the laptop was obtained, but none of the paperwork.
13. Finding someone to step in at such times is almost impossible, because experienced people are hard to find, so, as here, the councils often find one of the councillors willing to take on the role of 'Clerk' which is generally seen as just minuting the meetings. There is more to the Clerk's job than this, particularly on the financial side.
14. From the beginning of the 2020/2021 financial year the council was operating by the seat of its pants, which was unfortunate because the arrangements for the use of the loan finance needed to be organised. This meant that not enough time was available to take more action to rectify the situation that existed, and Locum Clerks were not generally available.
15. The disarray caused by the initial absence of the former clerk at the end of one financial year and the beginning of a new one was not fully appreciated by councillors, who were not aware of the work that was necessary at that time. In addition, of course, it should be remembered that councillors did not have the laptop

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or the parish council email address, so were not receiving emails from PKF Littlejohn reminding them of their responsibilities.

16. The result of all of this was that none of the necessary paperwork or internal audit was completed.
17. I was brought in during February 2021, approximately a year after the previous clerk's last involvement asking whether I could sort things out. By then, the computer and its passwords had been obtained and councillors had seen the various audit reminder notices, but were unsure what to do about them.
18. At that time, all of the deadlines had been passed and the issue of a PIR was unavoidable.
19. The paperwork relating to 2019/2020 has still not been received from the former clerk, but accounts and the AGAR forms have now been prepared for the year on the basis of information gleaned, experience and intuition.
20. Moving forward to 2020/2021, which has just ended on 31st March 2021, all of the accounts and forms will be correctly prepared and submitted. Some of the paperwork is still going to the previous clerk, but most is available.

What needs to happen?

21. It is easy to be wise after the event, but the first matter to be addressed is the role played by councillors in the events that led to this situation. The Clerk has the responsibility for almost everything that happens to the council, but councillors have to be sure that they oversee the clerk to assist with that burden.
22. This can mean looking at the following:
    a) Clerk Training – an insistence that it happens.
    b) Councillor Training – they should know what needs to happen when, at the very least.
    c) An enforceable contract of employment.
    d) Clerk appraisal meetings – open, honest and fair looking at the positives and the negatives and offering support for the latter.
    e) Engagement with the clerk to offer support and assistance. A quiet clerk is not necessarily a happy clerk.
23. In addition, the councillors should ensure the security of its other assets, possibly by:
    a) Using Cloud file storage systems such as Dropbox, that all councillors have access to. Insist that all parish computer files are stored there.
    b) There is an office, insist that all council records are locked in that building, not held at home.
    c) Carrying out occasional audits on all matters, to ensure compliance.
    d) Undertaking periodic financial audits, to ensure information is being appropriately presented and bank accounts are secure.
24. Before I finish as Locum Clerk, whether or not I end up being the permanent replacement, I intend to make suggestions on how matters can be improved and I will work with the Internal Auditor to ensure compliance with all necessary requirements.

Rob Martin

9th April 2021