

Objection 12: You object to the poor management of the various contracts that the Council is party to, as well as the lack of transparency of these contracts.

Objection 13: You object to the Box 9 figure which you assert is based on an incomplete asset register.

Objections 14, 15 and 16: You object to the Council's failure to manage its earmarked reserves adequately; the Council's budget setting and budget monitoring processes; and the lack of transparency of the Council's income, expenditure and reserves.

We have written to the Council and received its formal responses and all of the additional information that we requested. All documents material to our decisions on the accepted objections are in the public domain or have previously been shared with you.

You have not asked us to consider reporting on these matters in a public interest report or to consider the lawfulness of items of account in 2020/21 and 2021/22; however, we have considered whether each accepted objection should be included in a public interest report and whether we should apply for a declaration under section 28(3) of the Local Audit and Accountability Act 2014 (the 2014 Act) in respect of Objections 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16.

Our decisions following consideration of the accepted objections under Step 3 of the National Audit Office's Auditor Guidance Note 04 are set out below:

**Objection 1:** You object to the Council's provision for the exercise of public rights.

**Findings:** We note that, in relation to the provision during 2020 only, this objection relates to the response given in Assertion 4 of the Annual Governance Statement.

We acknowledge that the inspection arrangements for all local councils during 2020 were not helped by the pandemic; however, given the information provided by the objector and the correspondence that we have seen between the Clerk/RFO and the objector, it is our view that the Council cannot demonstrate that it fully provided for the exercise of public rights during the 2020/21 year.

**Conclusion:** We uphold this objection and are minded to raise a reporting matter in our external auditor report on the 2020/21 AGAR in respect of this matter.

**Objection 2:** You object to the Council's tendering processes and have provided some specific examples during 2020/21.

**Findings:** We note that this objection relates to the response given in Assertion 2 of the Annual Governance Statement as well as items of account in the Accounting Statements. We note that when accepting this objection, we confirmed that employment contracts within 2019/20 will not be considered.

The following contracts for services that were entered into during the year are relevant to this objection:

- Grass cutting – annual cost £4,000
- Toilet cleaning – annual cost £1,674
- Village ranger – annual cost £6,720
- Newsletter editor – annual cost £1,600

The following financial regulations (FRs) are relevant to this objection:

*11.1 d When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the council.*

*11.1 h When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £100 the Clerk/RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.*

We note the former Clerk/RFO's comment that he had widely canvassed the local area for interest in the grass cutting/toilet cleaning/village ranger contracts and that newsletter editor services had been advertised for on the Council's website; however, little interest in the contracts was forthcoming during 2020.

Given the annual value of the contracts, we note that FRs were complied with in relation to the grass cutting/toilet cleaning/newsletter editor contracts: *'where the value is below £5,000 and above £100 the Clerk/RFO shall strive to obtain 3 estimates'*.

In the case of the village ranger contract, which was above £5,000, 3 quotations were not obtained as required by FR11.1 h; and FR11.1 d, regarding an explanation as to why non-compliance with financial regulations was being recommended, was not followed. As a result, the Council should have responded 'No' to Assertion 2 on the Annual Governance Statement, in respect of compliance with its FRs.

We further note that in some cases, services had been carried out and payments for them already approved by the Council prior to the contracts being signed by both parties. In view of the ongoing pandemic, we are minded not to raise this as an additional reporting matter, but remind the Council of the importance of adhering to its FRs.

**Conclusion:** We partially uphold this objection and are minded to raise a reporting matter in our external auditor report on the 2020/21 AGAR in respect of this matter.

**Objection 3 and 9:** You object to the Council's grant awarding procedures and lack of transparency in respect of it.

**Findings:** We note that these objections relate to the response given in Assertion 2 of the Annual Governance Statement as well as items of account in the Accounting Statements. We note that the 2020/2021 accounts show that there was only one grant awarded to the Covid Group for £100, which was retrospectively agreed at the meeting on 8 June 2020 (minute 337.8).

We note that the Council also agreed to consider allocating a further £1,000 to the Covid Group from the Small Business Grant received from North Somerset at the meeting on 8 June 2020 (minute 337.9). There is no evidence that this was revisited during the year; however, a 'Covid Group' earmarked reserve of £1,000 still exists in the 2022/23 earmarked reserves. The Council has informed us that at the end of this financial year this will be reviewed with a view to closing this, as requested by the Covid Group. We note that there were no grants awarded by the Council during 2021/22.

The Council has informed us that confusion exists as to whether 'Bleadon in Bloom' is a Council run initiative or an independent entity. It has commented that, given that 'Bleadon in Bloom' receives grants and income from other sources which do not go through the Council's accounts, it is assumed to be an independent entity. For this reason, the Council has confirmed that in future any money budgeted for 'Bleadon in Bloom' will be accessed using the grant application process.

**Conclusion:** We partially uphold these objections and are minded to raise reporting matters in our external auditor reports on the 2020/21 and 2021/22 AGARs in respect of the issues that have been brought to our attention.

**Objection 4:** You object to the lack of transparency including failure to publish required information and use of working groups.

**Findings:** We note that this objection relates to the responses given in Assertions 2 and 3 of the Annual Governance Statement. We note that the Council accepts these objections, commenting that currently the working groups established have no formal agenda or notes for the meetings held; any reports are presented verbally to the Council on the night of the meeting; and that the standing orders do not cover working groups. The Council has informed us of the following actions and plans to improve weaknesses in these areas:

- As of February 2023, agenda papers are attached to the agenda and will be published on the Council website three clear days before a meeting. A hard copy will also be available for those without internet access including a monthly budget update and bank reconciliations.
- For the financial year 2023/24, it will be recommended to Council that its committee and working party structure is reviewed; that terms of reference be put in place for each; and that working parties be added to standing orders.
- For the financial year 2023/24, it will be recommended to Council that the terms of reference for working parties are to include agendas and notes, which are then passed to the full Council meetings as part of the agenda papers for noting and agreeing any recommended works.

**Conclusion:** We uphold this objection and are minded to raise a reporting matter in our external auditor reports on the 2020/21 and 2021/22 AGARs in respect of these matters.

**Objections 5 and 13:** You object to the asset register that supports Box 9 on the 2020/21 and 2021/22 AGARs.

**Findings:** We note that these objections relate to an item of account in the Accounting Statements. We note that the Council accepts these objections, commenting that the fixed asset register should have included the nine tablet devices and mobile phone purchased in 2020 and is currently being reviewed in relation to legal advice obtained in reference to the Coronation Hall/Car Park/Youth Club land and will be restated on the 2022/23 AGAR.

**Conclusion:** We uphold these objections and are minded to raise a reporting matter in our external auditor reports on the 2020/21 and 2021/22 AGARs in respect of this matter.

**Objection 6:** You object to the Council's reserves.

**Findings:** We note that this objection relates to the response given in Assertion 1 of the Annual Governance Statement as well as items of account in the Accounting Statements. We note that the Council accepts this objection, commenting that there is current confusion as to what and why some of the earmarked reserves are held. The Council has informed us that for the 2023/24 financial year, there will be a review of the earmarked reserves held by the Council.

**Conclusion:** We uphold this objection and are minded to raise a reporting matter in our external auditor reports on the 2020/21 and 2021/22 AGARs in respect of this matter.

**Objections 7 and 8:** You object to the Council's governance and controls around the trust funds and assets that it has responsibility for and the inclusion in the AGAR figures of the Bleadon Children's Play Area income and expenditure during the year.

**Findings:** We note that these objections relate to the response given in Assertion 9 of the Annual Governance Statement as well as items of account in the Accounting Statements. We note that the Council has commented that some confusion exists in relation to its responsibilities as sole trustee and custodian trustee.

We note that the Council holds the play area as a charity (Bleadon Children's Playground (the Trust) - Charity number 304491) of which it is sole trustee with the day-to-day management being undertaken by the Council. The Trust itself has no separate bank account or outside source of income and all expenditure has been included in the Council accounts and AGAR.

The Council accepts that currently no properly constituted trustee meetings take place, which it undertakes to do in 2023/24. The Council also plans to create a separate cost code within the Council's accounting package, which will enable the day to day receipts and payments to be clearly identified and reported to the Trust. We are minded to raise a reporting matter regarding the Trust's lack of a separate bank account and refer the Council to the requirements of the Practitioners' Guide; however, since the Trust received no income during 2021/22, there is no impact on the AGAR figures.

The Council is also custodian trustee of the Coronation Hall. The Trust Deed declares that the Council holds the land on trust for the charity. The relevant property is therefore held by the charity and is not an asset of the Council.

The Council has informed us that a management agreement (dated 2010) exists for the Coronation Hall, which the Council and the management committee have been following. It incorrectly identified that the Council should be undertaking all external maintenance and meeting the cost of the building's insurance. Whilst it is possible that the Council and the charity can enter into any arrangement that they consider to be in the interests of the charity, any expenditure incurred by the Council is in effect a grant to the charity. In future, the Council has informed us that the Coronation Hall's management committee will be asked to fill in a grant application form.

**Conclusion:** We partially uphold these objections and are minded to raise a reporting matter in our external auditor report on the 2021/22 AGAR in respect of this matter. We note the Council's planned improvements regarding governance and control in respect of trust funds and assets.

**Objection 10:** You object to an application by the Council for grant funding without Council approval.

**Findings:** We note that this objection relates to the response given in Assertion 2 of the Annual Governance Statement as well as items of account in the Accounting Statements. We note that the examples that you have provided all relate to grant applications during 2022/23. We have confirmed with the Council that it did not make an application for grant funding during 2021/22.

**Conclusion:** We do not uphold this objection.

**Objection 11:** You object to payment of some invoices in advance of Council approval.

**Findings:** We note that this objection relates to the response given in Assertion 2 of the Annual Governance Statement as well as items of account in the Accounting Statements. We note the Council's comments that during 2021/22 any budgeted/agreed contract expenditure was considered as having already being approved by the Council. In our view, this practice is not compliant with the Council's financial regulations.

The Council has stated that, as of February 2023, all monthly payments, regardless of whether they are contracted, budgeted or minuted spend are now being reported to every Council meeting; standing orders have been cancelled and replaced by BACs payments to allow more transparent comparison with the invoices; and all invoices will be checked against the monthly published 'Bills for Payment Schedule' by a Councillor prior to a full Parish Council meeting.

**Conclusion:** We uphold this objection and are minded to raise a reporting matter in our external auditor report on the 2021/22 AGAR in respect of this matter.

**Objection 12:** You object to the poor management of the various contracts that the Council is party to, as well as the lack of transparency of these contracts.

**Findings:** We note that this objection relates to the response given in Assertion 2 of the Annual Governance Statement as well as items of account in the Accounting Statements. Please also refer to our findings in respect of Objection 2 relating to various specified contracts. We note the Council's comments that contract amounts are agreed at Council; however, due to an oversight, one contractor was being paid above the agreed contract price. We understand that this has now been rectified and a refund made to the Council with the new monthly figure, based on the original quote, agreed for future payments.

We note that most contracts that the Council is party to are not published on the Council website; however, the only requirement under the ICO's Publication Scheme is to publish the name of the contractor and the value of contract, which the Council has stated are available in the minutes.

**Conclusion:** We partially uphold this objection and are minded to raise reporting matters in our external auditor report on the 2021/22 AGAR in respect of this matter.

**Objections 14, 15 and 16:** You object to the Council's failure to manage its earmarked reserves adequately; the Council's budget setting and budget monitoring processes; and the lack of transparency of the Council's income, expenditure and reserves.

**Findings:** We note that these objections relate to the responses given in Assertions 1 and 2 of the Annual Governance Statement as well as items of account in the Accounting Statements. The Council has informed us that currently ear marked reserves and the budget are reported to the Council quarterly; however, the agenda papers have not been made available to the public. Although there is no statutory requirement for the publication of agenda papers, in order to improve transparency, as of February 2023 agenda papers are now attached to the agenda and will be published on the Council website three clear days before a meeting. The Council has also stated that a hard copy will be available for those without internet access. These papers will include a monthly budget update and bank reconciliation.

As noted in our findings in relation to Objection 6, there is some confusion as to why some of the earmarked reserves are held. The Council has commented that for the 2023/24 financial year, there will be a review of the earmarked reserves including the movement of the Community Infrastructure Levy funds into earmarked reserves.

We note that for the 2023/24 financial year, the Council plans to amend the cost centres and cost codes to better reflect the income and expenditure incurred by the Council. Cost codes for related items will be placed under a single cost centre. For example, previously the village newsletter costs have been spread over three cost codes within four different cost centres. In the 2023/24 accounts, the costs will be held in a single cost centre which will allow the Council and residents to clearly see the income and expenditure related to the village newsletter.

**Conclusion:** We partially uphold these objections and are minded to raise a reporting matter in our external auditor report on the 2021/22 AGAR in respect of this matter. We note the Council's planned improvements regarding financial management.

Having considered whether each accepted objection should be included in a public interest report and whether we should apply for a declaration under section 28(3) of the 2014 Act in respect of Objections 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16, we have decided not to take either course of action.

Please note that there is no right of appeal against a decision not to issue a public interest report in respect of any of the objections. With regard to Objections 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and