

Final External Auditor Report and Certificate 2021/22 in respect of Bleadon Parish Council AV0014

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Respective responsibilities of the body and the auditor

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with Proper Practices which:

- summarises the accounting records for the year ended 31 March 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

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On 27 September 2022, we issued a report detailing the results of our limited assurance review of Sections 1 and 2 of this authority's Annual Governance & Accountability Return for the year ended 31 March 2022. We explained that we were unable to certify completion of the review at that time. We are now in a position to certify completion of the review.

The external auditor report given in Section 3 of the Annual Governance & Accountability Return requires amendments as follows:

Except for the matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

1. The Council's earmarked reserves are subject to some confusion as to the amount and purpose of the reserves being 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. As a result of this non-compliance with proper practices, the Council should have responded 'No' to Assertion 1 on the Annual Governance Statement.
2. We note that the issues of a lack of transparency, including failure to publish required information plus contracts information and budget monitoring papers, and the use of working groups relate to the responses given in Assertions 2 and 3 of the Annual Governance Statement. The Council has commented that currently the working groups that are 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 its recent actions and plans to improve weaknesses in these areas; however, in our view, the Council should have responded 'No' to Assertions 2 and 3 as a result of these governance issues.
3. We have concerns regarding payment approvals during 2021/22 and 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

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and as a result the Council should have responded 'No' to Assertion 2. 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 Council meeting.

4. We have a number of concerns regarding the governance, control and accounting for trust funds and assets held by the Council. In our view, the correct responses to Section 1 Assertion 9 and Section 2, Box 11 are 'No' and 'No'. We note that:
 - a. the Council has commented that some confusion exists in relation to its responsibilities as sole trustee and custodian trustee;
 - b. 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 (which it should) 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;
 - c. 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.
5. The figure in Section 2, Box 9 is incorrect; since the fixed asset register (FAR) should have included the nine tablet devices and mobile phone purchased in 2020. The Council has informed us that the FAR 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.

Other matters not affecting our opinion which we draw to the attention of the authority:

1. We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2022/23 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2022/23 and ensure that it makes proper provision for the exercise of public rights during 2023/24.
2. We note that the Council 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, at the time of our additional work, a 'Covid

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Group' earmarked reserve of £1,000 still existed in the 2022/23 earmarked reserves. The Council informed us that at the end of that financial year this would be reviewed with a view to closing it, as requested by the Covid Group.

3. The Council 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.
4. We received considerable challenge correspondence in relation to the 2020/21 and 2021/22 AGARs which we considered before completing our work. The authority will receive invoices in relation to this additional work.

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We certify that we have completed our review of Sections 1 and 2 of the Annual Governance & Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2022.

PKF Littlejohn LLP

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18/05/2023