

Chairman's Response to the Auditor's report for the Financial Year ended 31st March 2013

Ladies and Gentlemen,

You should all have a copy of the Auditor's report for the Financial year ended 31st March 2013 and a copy of the Annual Return for that year. If anyone does not have copies please can you share. It is an important document.

This Parish Council accepts the report. The Parish Council needs to pause for reflection. We cannot undo the past but we can try to do better in the future. I am determined that the Parish Council I chair, will conduct itself in a fair and transparent manner and follow best practice in its administrative functions and its financial affairs.

Turning to the specific matters raised by the auditors:

1. "No" to question 2 in section 2 of the Annual Return

The Parish Council answered "No" to question 2 in section 2 of the Annual Return. This was because the Council accepted the failings in the salary review process identified in the EELGA report which the Council commissioned in early 2013. This question requires the Parish Council to confirm it has taken all reasonable steps to assure itself that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the council to conduct its business in the future.

In order to address this issue the council has required the Parish clerk to attend the necessary courses given by SALC which he has now completed. The clerk will be asked to ensure he keeps up to date with the latest legal and regulatory developments. Councillors will also attend courses from time to time. The clerk will ensure that the Council's standing orders and its financial regulations are kept up to date and that these are complied with.

2. Salaries

The auditor's report on this point is comprehensive and speaks for itself. The findings are accepted by the Council which has taken the following actions to ensure this does not happen again:

- a. The Current clerk and any future clerk will have a job profile that is kept up to date and is based on the work that the Council requires the Clerk to do, and a contract on the standard terms drawn up by NALC for Parish Clerks. Any amendment to the contract or the job profile will be approved by the full council.

- b. Any salary review or job evaluation will be dealt with strictly in accordance with NALC pay scales and will be properly reviewed and assessed in accordance with best practice. Any salary review will be fully documented.
- c. The clerk is required to keep a detailed time sheet for all time worked for WPC. No overtime can be claimed without the authorisation of the full council which shall have regard to whether the additional hours are required and budgeted for.
- d. The WPC Financial Regulations have been amended to incorporate these provisions.
- e. The Council has been asked to consider if the expenditure in 2012 / 2013 was appropriate. The council accepts the auditor's finding in relation to the salary review. However, it does not consider the expenditure in 2012/2013 inappropriate.

The auditors also asked the Council to consider whether there were any grounds to reclaim any overpayments. I asked the clerk who has many years of legal experience as a solicitor to comment on this specifically. He had the following comments:

- i. The Council would undoubtedly have to go to court to recover any money.
- ii. In the light of the decision of the Upper Tier Tribunal that leave to appeal in the cases of MacCarthy v Information Commissioner and Walberswick Parish Council and Harvey v Information Commissioner and Walberswick Parish Council has been refused, the expenditure cannot be considered inappropriate. A court looking at a claim from WPC to recover the expenditure would consider that WPC would probably have needed external assistance from a solicitor or barrister, which may well have cost more.
- iii. There is no finding of dishonesty or that services were not provided to WPC.
- iv. The money was paid in good faith by the council (as BDO recognise) and received by the clerk in good faith.
- v. The Clerk's salary increase was approved by the full Council and agreed with the clerk. Therefore the Council was contractually bound to pay the increased salary to the clerk even though review procedure was 'seriously flawed'.
- vi. This could possibly be a deterrent to anyone interested in becoming a clerk or a councillor in the future.

For the reasons set out in i, ii, iii, iv and v above the present clerk believes that legal action to recover the expenditure would not succeed and it is possible that legal costs would not be recovered. This would be therefore be throwing away more money and wasting more of Councillor's and the Clerk's time.

Having considered all factors, I and my fellow Councillors do not consider there are any grounds to recover overpayments.

3. Donated Assets

This was raised as a preliminary issue before the full report was received. It arose from an error in the way the Heritage Hut was treated in the Asset Register. It was shown on the books as coming in at its insurance value instead of at a nil value. The auditor's recommendations have been followed. This was corrected prior to the issue of the Accounts prior to the year 31st March 2014 year end.

4. The Auditors have also stated in Section 3 of the Annual return (page 4) that: "The Council also obtained an advance precept which was not necessary." Unfortunately the auditor's did not provide any evidence in support of that statement. In fact the advance precept was received in December of the previous financial year (the year to 31st March 2012). The minutes of the time show that councillors had serious concerns about the financial position of WPC at the time they requested an advance precept. The present Councillors are unable to form any view on this wholly exceptional situation other than to say that the judgement of the Councillors at the time, as evidenced by the minutes, was that the advance was necessary.

I therefore propose that the auditor's report for the year ended 31st March 2014 be accepted subject to the points I have made above and that this be recorded in the minutes of this meeting.