

## St Cleer Parish Council Motion Template

Date of document	18 Aug 22
Committee / Sub Committee The motion is intended for:	Aug / Sep XO meeting
Proposer:	K Johnson
Seconder:	

### **Background:**

AGAR 20/21 - St Cleer PC has a long term outstanding public challenge to the 20/21 Annual Governance and Accountability Return (AGAR) with the External Auditor. Information has recently been received from EA to confirm that the original submission from St Cleer PC to EA **WILL BE AMENDED** by EA as a consequence of that challenge.

Challenge to the AGAR only occurred after repeated public offers of assistance being provided to, and rejected by the then chair of St Cleer PC. The direct consequence of that action by St Cleer PC is (a) an invoice from EA to St Cleer PC for £532.50 in relation to additional work required to resolve challenge issues and (b) a correction to the AGAR previously submitted by St Cleer PC.

All of this could have been avoided but for the toxic attitude to external observation which existed within the PC at that time.

AGAR 21/22 - St Cleer PC affirmed 6 of the 8 questions at Section 1 of the Annual Governance Statement within the 21/22 AGAR as being non-compliant. EA has confirmed receipt of all necessary paperwork in relation to this submission and will issue a report by end Sep 22.

AGAR 22/23 - at time of writing, there has been no meaningful progress towards remedying the shortfalls highlighted within the 20/21 or 21/22 AGAR.

Within St Cleer PC there has been an observable and progressive degradation of administrative and legislative compliance over successive financial years (FY) which is evidenced and will be confirmed by EA, in part, by the AGAR submissions noted above.

There has been a sustained absence of effective leadership and management of the PC over successive FYs resulting in:

- lack of continuity in the role of chair of the PC (1x chair resignation Oct 20 and 1x chair resignation Jun 22.)
- inadequate staff management resulting in clerk termination of contract being publicly announced May 21
- extended periods of temporary acting and unpaid unqualified stand-in staff
- locum staff
- repeated Cllr resignations (4x since May 21 election)
- collapse of internal committees and the cessation of committee deliverable outputs

**Situation:**

The net result of the background detail above is the near complete systemic failure of management processes, lack of confidence in internal controls and the internal audit process, inability to comply with fundamental audit legislation and organisational dysfunction which has developed unabated over the preceding FYs 20/21, 21/22 & the first half of 22/23. This motion sets out to formally identify the level of operational capability and to provide the basis upon which a recovery plan may be made.

New PC chair elected Jul 22 requires a qualified, independent external organisation to provide a credible status report from which to commence any necessary management recovery processes.

The JPAG Practitioners Guide March 2022 Section 4 sets out the guidance to be followed in the engagement of internal audit services.

**Assessment:**

In order to remedy that which is recognised within the PC (and has been reported to and affirmed by the External Auditor) as being inadequate, it is first necessary to have an authoritative and impartial assessment of where any deficiencies may genuinely exist. From a baseline which may be established, the process of prioritisation of recovery may commence.

From that baseline it will be possible to properly satisfy the requirement to inform the External Auditor of how the weakness identified 21/22 AGAR might be addressed. Draft explanations and remedies for non-compliance reported at the 21/22 AGAR were circulated to the PC by email 9 Jun 22. It is anticipated that additional detail of specific recovery measures will be required by EA and this motion sets out the first step from which that recovery might commence.

Proposed Motion:

There are 2 parts to this motion

**Part 1 - Resolve to engage the Principle Audit Manager for Cornwall Council to undertake an interim internal audit of the PC and establish a baseline stocktake of the current state of business** (as specified in the estimate of fees schedule below.)

Proposal for the provision of Internal Audit Services to St Cleer Parish Council:

Service

To undertake an internal audit review of controls in the following areas, as per the Annual Governance and Accountability Return requirements:

- Accounting records
- Expenditure
- Risk Management
- Budget process
- Income
- Petty Cash
- Salaries
- Asset / investment registers
- Bank reconciliation
- Accounting statements
- Publication requirements

As part of this audit sample testing will follow lines of enquiry to establish the effectiveness of control and governance processes in the above areas.

Following this review we will produce a report for the Chair of the Council.

Fees

5 days @ £370 (+VAT) = £1,850

This service may be delivered in October at a time that is mutually convenient. Remote work will be utilised as much as possible, but some onsite meetings will be necessary for one or two days.

**Part 2 - Resolve to engage the Principle Audit Manager for Cornwall Council to undertake the routine internal audit function with IA report in preparation for AGAR 22/23.** If so resolved (parts 1 & 2), clerk to be delegated authority to despatch engagement letter as specified in JPAG S4 para 4.13.

(estimated to require additional 2 days @ £370 (+ VAT) to fulfil the same for the whole year (2022/23), at the end of the financial year. (For info - should this service be engaged each year it is anticipated to be 3 to 4 days per year maximum.)

**Date received:**

**Action taken or motion rejected:**

**Signature of clerk:**

**Disposal:**

Parish meeting

Date of meeting: