

AUDIT AND STANDARDS COMMITTEE

Wednesday, 7th March, 2018
6.30 pm





AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 7th March, 2018 at 6.30 pm

AGENDA

11) *Padiham Town Council report*

5 - 8

To note the position of Padiham Town Council's Annual Return.

MEMBERSHIP OF COMMITTEE

Councillors

Councillor Jean Cunningham (Chair)
Councillor Tony Harrison (Vice-Chair)
Councillor Joanne Greenwood
Councillor Margaret Lishman
Councillor Andrew Newhouse

Councillor Mark Payne
Councillor Ann Royle
Councillor Andrew Tatchell
Councillor Mark Townsend

Co-opted Members

Colin Crowther, Burnley College
Louise Gaskell, East Lancashire
Chamber of Commerce
Councillor Kathryn Haworth, Habergham
Eaves Parish Council
Councillor Gill Smith, Cliviger Parish
Council

External Auditor

Marianne Dixon, Grant Thornton - External
Auditor

Published: Tuesday, 27 February 2018

Padiham Town Council Failure to Prepare the Annual Return

REPORT FOR INFORMATION TO AUDIT AND STANDARDS COMMITTEE



DATE	07/03/2018
PORTFOLIO	Leader
REPORT AUTHOR	Chris Gay
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PURPOSE

1. To notify the Committee that a Report in the Public Interest has been issued to Padiham Town Council by the external Auditor BDO LLP for the failure to submit an annual return on finance and governance arrangements for the year ended 31st March 2017.

RECOMMENDATION

2. The Committee should note the publication of a Report in the Public Interest issued by BDO LLP to Padiham Town Council; and the action taken by the Town Council in response to prevent reoccurrence.

REASONS FOR RECOMMENDATION

3. In order to monitor and maintain appropriate Town and Parish grant governance arrangements.

SUMMARY OF KEY POINTS

4. Town and Parish Councils

All Town and Parish Councils are responsible for the use of funds raised by local taxation, and should properly account for how funds are used and protected. In doing so they are required by law (Accounts and Audit Regulations 2015) to prepare an annual return summarising the financial position and giving assurances that it has adequate governance arrangements in place to protect public funds.

5. External Audit

BDO LLP is the external auditor appointed to Padiham Town Council (PTC). On the 29th August 2017 they issued a statutory recommendation to PTC that it should submit an approved annual return (for 2016/ 17) by 15 September 2017.

6. A Report in the Public Interest

As of 8 December 2017 no return had been submitted. Therefore, under Schedule 7 of the Local Audit and Accountability Act 2014 a report in the Public Interest was published by BDO LLP on the 18th December 2018.

This was due to the Town Council's failure to comply with the statutory requirement for considering and responding to a statutory recommendation from the auditor and, in not preparing or submitting the annual return as required under the 2015 regulations, had failed to account to its taxpayers for the use and safeguarding of their money. In issuing the report this also brought about an end of BDO responsibilities as auditors for 2017; this also means that any opportunity for the public to ask questions or make objections to the auditor could no longer be exercised.

On 19 December 2017 the Council's Monitoring Officer received notification from BDO LLP, under its duty to notify appropriate bodies i.e. the billing authority, stating that a Report in the Public Interest had been issued to PTC.

7. Consideration of the Report in the Public Interest

Under the 2015 Act, and having had a Report in the Public Interest issued, PTC are required to:

- a. Make the report available publically
- b. Consider the report in public
- c. Decide on actions on recommendations
- d. Inform Burnley Borough Council of these actions etc.
- e. Publish a notice containing a summary of decisions

8. Update

Padiham Town Council has now produced their accounts for 2016/ 17 and has made arrangements for them to be independently audited. Burnley Borough Council was informed of their completion, and provided a copy, on 17 February 2018.

Once this audit is completed the report and the accounts will be considered by the Town Council on 19 March 2018 and the report and recommendations will be published with the Council minute. The Town Council is currently recruiting a new clerk who will be responsible for producing future annual accounts and acting upon statutory recommendations from the external auditor.

9. Conclusion

In the circumstances described in this report the only option open to BDO was to issue a Report in the Public Interest; with the expectation that PTC will consider it and respond appropriately, leading to a return submission, which is now in progress; and then the resolution of this matter.

In protecting the Councils position the following points should be noted:

- Where the annual return remains outstanding the Council could stop [future] grant payment, but cannot withhold the precept element. In such a case it is likely that the Parish would increase the precept to redress the imbalance. The Council is not able to stop the precept and is legally required to provide it without redress
- The only circumstances in which a precept could legitimately be ceased are where the Parish Council itself ceases to be i.e. through a Community Governance review to abolish the Council.

- The Council could pursue a general grant condition to recover grant funding in the event of non-submission of returns etc. However this could not be applied retrospectively
- It should be noted that the funding involved is relatively small, and whilst matters of governance cannot be ignored, the bigger risk for the Council is likely to be around reputation in terms of applying (or seeking) some form of 'sanction' in these circumstances

The Council will maintain a 'watching brief' and consider its position as any new developments arise in this matter or other instances where a Report in the Public Interest may be issued.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

10. None.

POLICY IMPLICATIONS

11. None.

DETAILS OF CONSULTATION

12. Ian Evenett, Audit Manager

13. Steve Watson

BACKGROUND PAPERS

14. None.

FURTHER INFORMATION

PLEASE CONTACT: Chris Gay Ex 7163

ALSO:

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