



Morecambe Town Council

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FORMAL RESPONSE TO OBJECTIONS RAISED BY INTERNAL AUDIT YORKSHIRE, ON BEHALF OF A LOCAL GOVERNMENT ELECTOR, REGARDING MORECAMBE TOWN COUNCIL'S ACCOUNTS FOR FY2223

This report has been drafted by officers of Morecambe Town Council, following cross-party input from members, to respond to objections raised by Internal Audit Yorkshire, representing a local government elector, regarding the accounts of Morecambe Town Council for the year ending 31 March 2023. The document has been presented to the Finance and Governance Committee at its meeting dated 30.04.24.

Internal Audit Yorkshire wrote a report to submit 36 objections on behalf of an elector. However, following a thorough review by the External Auditor (PKF Littlejohn), 20 of these objections have been discounted and withdrawn from consideration.

The Council is only compelled to respond to the remaining 16 objections, as requested by the External Auditor. It has done so in this report, providing more detailed explanations to address the outstanding challenges.

However, it has also taken the proactive decision to address matters raised in the other 20 objections that have already been dismissed. Our aim is twofold: to bring closure to the FY2223 audit process, and to draw a line under the more speculative and baseless objections received in the expectation that they won't be rehashed and resubmitted again in future years.

The Council feels compelled to do this because it strongly believes it is being targeted by Internal Audit Yorkshire after it had its contract for delivering internal audit services to Morecambe Town Council terminated in June 2021, due to the Council's belief that the work undertaken by Internal Audit Yorkshire contained several factual inaccuracies. Since then, the Council has been subject to regular FOI requests from Internal Audit Yorkshire and associated parties, many covering the same objections that have now been raised again through the audit process via a proxy (who has not viewed the accounts, had any direct contact with the council, or actually been involved in the process in any way that we can identify). We believe Internal Audit Yorkshire and associated parties are trying to weaponise the audit and FOI processes against the Council, purely to settle a personal grudge. Objections are timed and designed to cause maximum disruption to the Council's ability to function by stretching resources and publicly discrediting the authority with spurious allegations, creating unnecessary and unjustified costs to the taxpayers of Morecambe in the process. We think it is important to note that this is not the only instance of Internal Audit Yorkshire acting in this manner, with Safia Kauser – the sole trader associated with Internal Audit Yorkshire – making similarly vexatious objections year on year in the parish of Keighley following her

dismissal as clerk and RFO there in 2018. We are also aware from Council minutes that Safia Kauser subsequently concluded employment as a Clerk to Nelson Town Council in 2020 and more recently Lothersdale Parish Council in 2023 in controversial circumstances.

We believe such repeated patterns of litigious behaviour prompt questions regarding the operational ethos and integrity of Internal Audit Yorkshire; should raise concerns regarding the potential targeting and exploitation of councils within the sector; and should raise questions about the suitability of Internal Audit Yorkshire for engaging with public sector entities. If interest from Internal Audit Yorkshire in our operations is to continue, we urge for a more balanced and objective approach, in line with professional standards and the best interests of our community.

As a responsible steward of public funds, the Council cannot ignore the context of these issues. We are committed to ensuring that taxpayer money is used efficiently and effectively. We will continue to cooperate with auditors and regulatory bodies to address any legitimate concerns raised. However, we urge auditors to exercise discretion and diligence in their assessments to avoid unnecessary disruptions and expenses for the taxpayers of Morecambe.

Moving forward, we remain committed to upholding the highest standards of accountability, transparency, and governance within the Council. We encourage open dialogue and constructive engagement with all stakeholders to enhance the effectiveness of our operations.

The Council's audits are conducted with the utmost diligence and transparency, ensuring that all processes and practices adhere to regulatory standards and best practices. The results of these audits are based on thorough investigations and assessments by independent auditors, whose findings are presented objectively and impartially.

It is imperative that we maintain trust and confidence in the integrity of our audit process and outcomes. While constructive feedback is always welcome, it is essential to distinguish between legitimate concerns supported by evidence, and baseless speculations.

For information, the total cost to the taxpayer of preparing this report, and the investigations detailed within, has been £8,088.39. This figure does not include any costs associated with providing responses to the Internal Auditor, FOI requests, preparation work and allocation of resources for the inspection of the accounts, or the fees that will be charged by PKF Littlejohn in considering the 1000-page objection submitted by Internal Audit Yorkshire, and the Council's response(s) - investigation fees of which are charged at £355 per hour. In addition, none of these figures take into account the impact this work has had on the delivery of other services and projects that the Council has been unable to progress due to the time spent focusing on the conclusion of this audit.

Objection 1

The elector objects to the amendments to the approved 2022/23 budget used for budget monitoring during the year which the elector contends were unauthorised in breach of financial regulation (FR) 3.5 to incorporate budget monitoring for expenditure delegated to the Environment Committee for the new public realm service.

Council Response

The Council notes its Internal Auditor reviewed this objection, and did not raise the same concerns with the amends made to the budget during the FY2223.

At the time that the Council considered its budget and precept for FY2223 (in February 2022), the Council was continuing to undergo a period of evolution, changing in size, structure, and function. It is therefore quite reasonable for the Council to continue to review the effectiveness of its budget as its operations expand.

At its meeting held on 7.2.22, the Council set its 2022-2023 budget at £467,387.00, with reserves of £70,000.00

At the time that the budget was set (on 7.2.22), the Council anticipated a carry forward of £112,136.55

With this in mind, the Council set its precept at £425,250.45

The actual carry forward to 2022-2023 was £164,429.19

This means there was an underspend of anticipated expenditure of £52,292.64 as at 31.3.22.

At a meeting held on 24.3.22, the Council resolved to vire £40,000 of general reserves to the Festival and Events Committee budget for Luke Jerram's art exhibition.

At its meeting held on 21.7.22, the Council agreed that underspend sums be allocated to the budget lines as below.

£20,000 - Festivals, Events, Sponsorships

£10,000 - Office Equipment

£12,292.64 - Salaries

£10,000 - General Reserves

The original budget that the Council approved can be found on the below link.

<https://www.morecambe.gov.uk/wp-content/uploads/2022/04/MTC-Adopted-Budget-Precept-Proposal-2022-2023.pdf>

The Q4 report details all changes made to the budget throughout the financial year (link below), including amends to the grouping of public realm expenditure as previously reported to the Council and accepted.

<https://www.morecambe.gov.uk/wp-content/uploads/2024/01/Q4-Finance-Report-2022-2023.pdf>

The challenge correspondence indicates that there is not enough detail provided within the budget report. However, it is not uncommon for reports presented to members and public to be presented with high level budget categories, with further breakdowns of cost codes supporting the accounts. Further it is not uncommon for amends to be made during the financial year to budget lines and the way in which they are presented.

Pages 10-11 of the approved budget report outlines delegation of the public realm budget to the Environment Committee, covering the Litter Campaign (£5K), Asset Purchase and Maintenance (£85K), Backstreet Project (£5K), and Green Corridor (£5K). In response to member requests, the Council were presented with a consolidated grouping of these budget lines, adding the 'public realm' heading for clarity on the total cost of this service area in the 2022-2023 financial year (both the new budget name, and legacy budget lines, were maintained throughout the financial year for consistency and transparency).

During the year, it was evident that these budget lines exhibited crossovers, leading to the realisation that only a nominal 'maintenance' sum for equipment was necessary, and the 'Green Corridor' project wouldn't be feasible within the financial year. It was also realised that expenditure within other budgets headings may incur additional costs and amalgamating public realm lines helped the Council to better establish its financial position in relation to its public realm service as an entire service.

The Council accepted all budgets presented during the 2022-2023 financial year, including amends, and the Council had delegated expenditure of the full £100K to the Environment Committee at its meeting on 7 February, 2022.

The 'public realm' budget line ended the financial year with an overspend following the Council's decision to purchase two ATVs, after agreeing to deliver a weed control service for Lancashire County Council, for which it would receive income that would defray all costs over time for new equipment required for the service. Any expenditure which resulted in an overspend on the public realm budget lines, was approved by full council who considered costings over several months.

Minute 20447 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-8th-September-2022-Full-Council-1.pdf>

Minute 20462 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-3rd-November-2022-Full-Council.pdf>

Minute 20471 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/02/Minutes-FCM-26th-Jan-2023.pdf>

The financial regulations of the Council outline the framework and procedures governing the financial management and decision-making processes within the council. These regulations are designed to ensure transparency, accountability, and compliance with legal and regulatory requirements. Financial Regulations of the Council are designed to provide a framework for best practice, and do not restrict the Council from maintaining a pragmatic approach to its financial management.

Financial Regulation 3.5 states “the approved annual budget shall form the basis of financial control for the ensuing year”. This does not restrict the Council from amending its budget throughout the year.

Amending budgets is standard practice in financial management, and it is crucial to recognise that the assessment of financial positions should be an ongoing, dynamic process rather than a once-a-year undertaking. Regular reviews and adjustments to budgets allow organisations to respond effectively to changing circumstances, unforeseen challenges, and evolving priorities. Reviews in budget delegation also permit an organisation to ensure it is maximising efficiency, maintaining a pragmatic approach that focuses on achieving outcomes as effectively as possible.

Key points that the Council’s notes when managing changes to budgets:

- **Dynamic Financial Landscape** - economic conditions and organisational needs can change throughout the year. Regularly amending budgets, and delegating an officer/committee to assist in their management/expenditure, enables the Council to maintain budgets that more accurately reflect the current financial landscape and practical operational needs of the authority.
- **Flexibility for Adaptation** - an ongoing financial assessment allows for prompt adaptation to emerging opportunities or challenges. Flexibility in budget adjustments ensures that resources are allocated efficiently and in alignment with strategic goals.
- **Risk Mitigation** - regular financial reviews facilitate the identification and mitigation of financial risks. Proactive measures can be taken to address potential issues before they escalate.
- **Optimising Resource Allocation** - by revisiting budgets periodically, the Council can optimise resource allocation, ensuring that funds are directed towards high-priority initiatives and activities that align with the objectives the Council wishes to achieve in the financial year.
- **Improved Decision-Making** - ongoing financial assessments provide decision-makers with up-to-date information, enhancing the quality of decision-making. This approach allows for more informed choices based on current financial realities.
- **Aligning with Strategic Objectives** - the Council can better align financial plans with strategic objectives by continuously evaluating and adjusting budgets. This ensures that financial resources are allocated to initiatives that contribute most effectively to organisational goals.
- **Enhancing Transparency** - regular budget amendments contribute to increased transparency in financial reporting. Stakeholders, members, and the public, benefit from a more accurate and transparent representation of the Council’s financial position.
- **Facilitating Continuous Improvement** - an ongoing financial review process supports a culture of continuous improvement. The Council can learn from past financial experiences and apply insights to enhance management practices, without waiting for the next annual budget setting process.
- **Responding to External Factors** - external factors, such as changes/clarifications in legislation, market dynamics, or economic conditions, may necessitate adjustments to budgets and regular reviews help the Council remain adaptable to external influences.
- **Compliance and Accountability** - regular financial assessments contribute to compliance with financial regulations and stewardship.

The Town Council has undergone significant growth in recent years, achieving Quality Gold status from the National Association of Local Councils, and undergoing a peer review by the Local Government Association. The Council is determined to improve outcomes for the community, and it meticulously reviews its financial budgets and strategies to establish effective processes. While an ongoing endeavour, the foundation work undertaken in previous years has positioned the Council on a stable financial footing in the current fiscal year, and it has been able to establish the most appropriate budget headings to support accountability and transparency - so local people know where local money is being spent.

If an amended iteration of a budget is brought before council, and accepted, then it is indeed a resolution of the Council to adopt the budget that has been brought before it. The minutes of meetings indicate all finances were approved by the Council throughout the year, and the elector's report clearly highlight the budget documents (with amends) that were brought before the Council, so there is no question as to the validity of the amended budgets that were presented to the Council. It is standard procedure for officers to recommend adjustments that are practical and logical, as permitted by the Council's Financial Regulations which state "all accounting procedures and financial records of the council shall be determined by the RFO".

Objection 2

The elector objects to the expenditure during the year on the new 'public realm' service by the Environment Committee against a monitored budget of £100,000, when no delegated expenditure for that committee was included in the approved budget; which the elector contends is in breach of FR 4.1 and unlawful.

Council Response

The Council notes its Internal Auditor reviewed this objection, and did not raise the same concerns - a full audit trail was established for the sample testing conducted by the Internal Auditor for the FY2223.

The Council set its 2022-2023 annual budget at its meeting held on 7 February, 2022.

The budget that the Council approved can be found on the below link.

<https://www.morecambe.gov.uk/wp-content/uploads/2022/04/MTC-Adopted-Budget-Precept-Proposal-2022-2023.pdf>

It is not uncommon for public reports for members and public to be presented with high level budget figures/names, with further breakdowns of cost codes supporting the accounts.

P10-11 confirms which decisions regarding the public realm budget were to be delegated to the Environment Committee (including Litter Campaign £5K, Asset Purchase and Maintenance £85K, Backstreet Project £5K, and Green Corridor £5K). At its meetings within the 2022-2023 financial year, the Council were presented with a grouping of these budget lines, which retained their original names, coupled with the additional heading of 'public realm' to make it easier for both members and public to identify how much this service area was costing the Council in total. During the financial year, it became apparent that these budget lines had several crossovers, and that the Council would only require use of a nominal 'maintenance' sum for its equipment and that the 'Green Corridor' project would not be achievable within the financial year. Taking into consideration the Council's continued evolution, and the new public realm service delivery it was embarking upon, it was understood that the budgets approved at the beginning of the financial year may need to be repurposed to prepare the Council for undertaking a district-wide weed removal service. As such, the redundant names for the budget lines were coupled together to provide a cumulative 'public realm' budget.

The Council accepted all budgets presented during the 2022-2023 financial year, including amends, and the Council had delegated expenditure of the full £100K to the Environment Committee at its meeting on 7 February, 2022.

The 'public realm' budget line did conclude the financial year with an overspend following the Council's decision to purchase two ATVs, after agreeing to deliver the district-wide weed control service for Lancashire County Council. The costs for the new equipment (which were required for the service) will be defrayed by income received for delivering the service over the course of the agreed delivery period. Any expenditure which resulted in an overspend on the public realm budget lines, was approved by full council.

Minute 20447 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-8th-September-2022-Full-Council-1.pdf>
Minute 20462 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-3rd-November-2022-Full-Council.pdf>
Minute 20471 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/02/Minutes-FCM-26th-Jan-2023.pdf>

Financial Regulation 4.1 states:

“Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- *the council;*
- *a duly delegated committee of the council; or*
- *the Proper Officer.*

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Proper Officer, and where necessary also by the appropriate Chairman.

Contracts may not be disaggregated to avoid controls imposed by these regulations.”

The Council has only delegated expenditure to itself, a committee, or the Proper Officer, and has retained authorisation slips duly signed by the Proper Officer for expenditure within the public realm (sample tested by the Internal Auditor).

The Terms of Reference of the Environment Committee permit further delegation to officers, and this was approved during meetings, and minuted - examples below.

Minute EC2223-006 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/09/Environment-Committee-Minutes-1-June-2022.pdf>
Minute EC2223-007 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/09/Environment-Committee-Minutes-1-June-2022.pdf>
Minute EC2223-012 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Environment-Committee-Minutes-21-July-2022.pdf>
Minute EC2223-019 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Environment-Committee-Minutes-24th-November-2022.pdf>
Minute EC2223-020 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Environment-Committee-Minutes-24th-November-2022.pdf>
Minute EC2223-028 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/12/Environment-Committee-Minutes-10-January-2023.pdf>

The Council acknowledges that previous minutes pertaining to annual budgets have predominantly focused on the approved budget and precept values. However, it is imperative to recognise that the underlying documentation supporting these approvals delineates specific budget delegations, which form the basis for the approved budgets.

While historic minutes may not have explicitly listed every recommendation within the reports presented to the Council, it is understood that these recommendations were integral to the decision-making process. In order to ensure clarity and completeness moving forward, the Council resolved during its meeting held on 18.4.24 that all recommendations within FY2223 budget report were indeed accepted when finalising the annual budget

and precept figures. This resolution reflects the established operational framework of the authority, its committees, and its officers for the relevant financial year.

It should also be noted that irrespective of the above, the Council directly resolved for the Proper Officer to facilitate the operation of the public realm service at its meeting held on 26.1.23 - Minute 20471 on link below.

<https://www.morecambe.gov.uk/wp-content/uploads/2023/02/Minutes-FCM-26th-Jan-2023.pdf>

And subsequent budget reports, minutes, and Terms of Reference, all approved by the Council, have indicated the same:

<https://www.morecambe.gov.uk/wp-content/uploads/2024/01/MTC-proposed-budget-2024-25-1.pdf>

<https://www.morecambe.gov.uk/wp-content/uploads/2024/03/MINUTES-18-JANUARY-2024.pdf>

<https://www.morecambe.gov.uk/wp-content/uploads/2023/05/Environment-Committee-Morecambe-Town-Council-Terms-of-Reference-May-2023-Adopted-1.pdf>

Objection 3

The elector objects to the failure to follow FRs 5.2-5.4 in respect of all expenditure during the year; the elector contends that as no payments were approved by the Council, all expenditure by the Council during the year was unlawful. (NB- see also the detail of items listed in Objections 8/12/13/14/15/16/19).

Council Response

The Council notes its Internal Auditor reviewed this objection, and did not establish that any of the Council's expenditure for the year was unlawful - a full audit trail was established for the sample testing conducted by the Internal Auditor for the FY2223.

Financial Regulations 5.2-5.4 state:

"5.2 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the Council. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.

5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council meeting."

Financial Regulation 5.2 advises **only** that payments **requiring authorisation** shall be presented to the Council. The majority of expenditure is delegated to committees or officers, and any remaining payments requiring authorisation of the full council are approved by the full council prior to a product/service being ordered. This Financial Regulation does not require invoices for payments already authorised to be presented to a further meeting for additional approval.

All invoices are examined by the RFO for arithmetical accuracy to confirm the work, goods or services have been received.

Examples below when the full council has been asked to authorise payments during 2022-2023. Further examples can be found in committee minutes, or under officer delegation. The elector should also note that approval of payments by officers, duly authorised to make decisions about such payments, are indeed payments that have been authorised by the Council.

Minute 20415 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/10/Minutes-5-May-2022-Annual-Council-Meeting.pdf>

Minute 20418 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/10/Minutes-5-May-2022-Annual-Council-Meeting.pdf>
Minute 20426 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/07/Minutes-7-July-2022-Full-Council.pdf>
Minute 20446 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-8th-September-2022-Full-Council-1.pdf>
Minute 20456 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-3rd-November-2022-Full-Council.pdf>
Minute 20458 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-3rd-November-2022-Full-Council.pdf>
Minute 20459 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-3rd-November-2022-Full-Council.pdf>

Further evidence of payments authorised by committees can be found on the below links.

<https://www.morecambe.gov.uk/committees/environmental-committee/>
<https://www.morecambe.gov.uk/grants-committee/>
<https://www.morecambe.gov.uk/committees/festivals-committee/>

In FY2021, the Council lacked a scheme of delegation, requiring approval for every payment at meetings if not previously agreed. Current officers presented payments for approval, a practice consistent with historical procedures. However, prior audits revealed not all historic payments (prior to existing officers) received pre-approval before release from the bank account. During FY2021 and FY2122, payments needing approval went to full council. However, meetings became fraught, risking ineffective business transactions and Council fulfilment of obligations. Residents attended meetings to speak about wide ranging issues (whether it was on the agenda or not) simply by virtue of the fact that payments relating to each area of service delivery would be on a payment schedule considered at the meeting, resulting in meetings that were difficult to manage and strayed from adherence to the Council's SOs. Providing payment lists as an agenda item, for which debate could be opened on any expenditure line, is not considered pragmatic for a large council which will see an average of approximately £100K payments per month in FY2425. Monthly council meetings already exceed their two hour allocated slot, and this is not considered an efficient use of time, or the correct platform in which to scrutinise payment lists.

To find resolution in FY2122, the Council met less frequently (bimonthly) and implemented a delegation scheme, requesting officers to incur expenditure between meetings to maintain service delivery. Members were also able to view payment lists by appointment, a practice which continues today (in addition to payment sample testing which has also been introduced in FY2324 with the F&G Committee). This ensures meetings are more focused on specific business, and if an issue arises that a member wishes the Council to review it is possible for members to request a matter be included as a future agenda item.

As it stands, the Council's Financial Regulations (FRs) do not mandate presenting full transaction lists to Council, aligning with NALC's model FRs.

The Accounts and Audit Regulations also do not mandate this practice, and similar larger councils in England (such as Salisbury City Council, Chippenham Town Council, Weymouth Town Council, Falmouth Town Council) also do not follow such a practice.

The Accounts and Audit Regulations do require budget updates to be provided to the Council, which the Council receives at least quarterly. And the Local Government Act 1972 permits delegation to officers, enabling MTC officers to incur expenditure on behalf of the authority.

The Practitioner's Guide suggests reporting 'all payments' made since the last meeting, but interpretation varies. In other areas of the guide reference is made to a 'payment list', and it is not considered these are one and the same. It is the interpretation of many authorities that the Council

receiving its budget update (as per Accounts and Audit Regulations) provides members with the total payments made, satisfying the Practitioner's Guide, NALC's FRs and legislation.

Further, the Local Government Act 1972 also reserves that council agendas should be strictly for business that is to be transacted (presenting an argument that any business already concluded, i.e payments that have already been made, should not be presented as business to be transacted).

The Internal Auditor has recommended introducing an internal control to ensure further scrutiny on payment made between meetings and the Council is currently undertaking the practice observed by some other authorities, in that a list of transactions is provided to no less than two signatories each month and they will then report to members that they have reviewed the payment list and scrutinised the audit trail of the payment sample requested (as is practiced at Shrewsbury Town Council).

Objection 4

The elector objects to the redaction of documentation provided during inspection appointments which the elector contends were carried out by the RFO without the Council's authority, and which prevented Internal Audit Yorkshire from reconciling to the year end budget monitoring report.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council acknowledges it is the responsibility of officers to uphold the law, as prescribed by legislation such as the Data Protection Act 2018. It is also the responsibility of officers to uphold the Council's own policies and procedures on matters of data protection, confidentiality, and privacy.

The Council acknowledges Internal Audit Yorkshire's desire to conduct a comprehensive audit. However, following the termination of our contractual agreement, Internal Audit Yorkshire is no longer a data processor of the Council. Therefore, access to records that may contravene Data Protection laws is not permissible.

The Council is concerned about any actions taken by Internal Audit Yorkshire that may compromise the integrity of lawful data processing. We urge Internal Audit Yorkshire to cease all attempts to pressure or coerce officers into providing information to which Internal Audit Yorkshire is not lawfully entitled.

The Council is also concerned that attempts to reconstruct its accounts is resulting in further inaccuracies and misinformation being disseminated, which is not in the best interest of the public.

Objection 5

The elector objects to the expenditure on staffing costs which could not be verified to supporting documentation during the inspection.

Council Response

The Council notes its Internal Auditor reviewed this objection, and did not establish that any of the Council's staffing expenditure for the year was unlawful - a full audit trail was established for the sample testing conducted by the Internal Auditor for the FY2223.

The Council acknowledges it is the responsibility of officers to uphold the law, as prescribed by legislation such as the Data Protection Act 2018. It is also the responsibility of officers to uphold the Council's own policies and procedures on matters of data protection, confidentiality, and privacy.

The Council acknowledges Internal Audit Yorkshire's desire to conduct a comprehensive audit. However, following the termination of our contractual agreement, Internal Audit Yorkshire is no longer a data processor of the Council. Therefore, access to records that may contravene Data Protection laws is not permissible. Internal Audit Yorkshire is treated as any other member of the public, and is not entitled to see confidential staffing documents which contain information classed as personal data. The Council reports all of its staffing expenditure within its budget monitoring reports, complying with the requirements of the Transparency Code 2015.

The Council notes there is a difference in the figures presented in the 'staffing' figure in the AGAR, and the staffing figure in the Council's budget report. This is because the payments for each figure are not one and the same. In the 'staffing' figure in the AGAR, the Council is only permitted to include payments for salaries, taxes and pensions. However, in the staffing figure in the Council's budget report this includes payments for other staffing costs such as medical/occupational fees, reasonable adjustments for protected characteristics, other contractual obligations, team building costs, training, staff parking, contingencies for temporary working cover staff, and other possible costs which may arise from unexpected circumstances such as terminations.

The Council is concerned about any actions taken by Internal Audit Yorkshire that may compromise the integrity of lawful data processing. We urge Internal Audit Yorkshire to cease all attempts to pressure or coerce officers into providing information to which Internal Audit Yorkshire is not lawfully entitled.

The Council is also concerned that attempts to reconstruct its accounts is resulting in further inaccuracies and misinformation being disseminated, which is not in the best interest of the public.

Objection 6

The elector objects to the fact that their reconstructed cash book and budget monitoring report could not be agreed to the Council versions due to the redaction of personal and commercially sensitive data.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council is concerned that attempts to reconstruct its accounts is resulting in further inaccuracies and misinformation being disseminated, which is not in the best interest of the public.

Additionally, it appears that these reconstruction efforts may be at a basic level, indicating the involvement of someone who may not have extensive experience as a forensic accountant or a comprehensive understanding of the accounting factors typically considered by larger authorities.

Objection 7

The elector objects to the actions of officers during the year that the elector contend indicate misconduct in public office which should be reported to the Police.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

We take all accusations of misconduct in public office very seriously.

Furthermore, the Council acknowledges that no evidence has been provided by the objector to support this claim. Additionally, the Council has received no reports from its Internal Auditor to substantiate such a claim.

We recognise and appreciate the hard of work of civil servants across the country. Accusations without foundation are not only offensive but also damaging to local government officers, and the sector as a whole. Making such claims without any supporting evidence is doubly detrimental. If Internal Audit Yorkshire cannot provide evidence to support such a claim, we kindly request that this objection should be withdrawn.

Lastly, the Council will be seeking further advice from its insurers, which cover its officers for libel and slander.

Objection 8

The elector objects to the expenditure of £54,130 on 3 quad bikes and £40,000 on architects which the elector contends did not comply with FRs or the Public Contracts Regulations 2015.

Council Response

The Council notes its Internal Auditor reviewed this objection, and did not establish that the actions taken by the Council did not comply with FRs. However, the Internal Auditor has recommended additional detail be included in future minutes to improve transparency.

Internal Audit Yorkshire has asserted that the Council has purchased three quad bikes. This is inaccurate. The Council has purchased two quad bikes, as reported in its asset register (a copy of which was provided to Internal Audit Yorkshire).

Additionally, Internal Audit Yorkshire has asserted that the Council has failed to comply with Financial Regulations (FRs) and the Public Contracts Regulations 2015. However, the Council believes this demonstrates a lack of understanding of the FRs and the Public Contracts Regulations 2015 on the part of Internal Audit Yorkshire.

The Council's FRs require that where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more (updated since to £30K effective 1.1.24), the council shall comply with the relevant requirements of the Regulations. The Regulations (at the time) required that any public contract that exceeded £213,477 must be advertised on contracts finder as a tender. Section 10.2 of the Council's FRs also outline the procedures for procurement, including situations where obtaining multiple quotes may not be feasible (for procurement up to the £213K threshold). In the instances of the ATV purchase and Grimshaw engagement, reports to the Council addressed the inability to provide multiple quotes, demonstrating transparency and accountability in its decision-making process.

Subject to the above paragraph on the changes post 31 December 2020, a council must advertise the contract opportunity on the "Contracts Finder" website only when it advertises the contract opportunity elsewhere. Additionally, a council does not need to advertise an opportunity where it makes the opportunity available only to a number of particular economic operators who have been selected for that purpose (whether ad hoc or by virtue of their membership of some closed category such as a framework agreement), regardless of how it draws the opportunity to the attention of those economic operators (i.e. if a council has an arrangement with a limited number of approved organisations to undertake work for the council); Regulation 33 defines a "framework agreement" as an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.

In order to address the IA's concerns, the Council can consider including additional FRs to require supplementary information be included within minutes for payments above a particular threshold, clarifying legislative compliance, and the reasons why three quotes were unobtainable. However,

it's essential to maintain clarity and readability in meeting minutes for residents, and minutes should not be overly difficult to follow as this could risk further confusion.

Grimshaw Architects

The procurement of this supplier was for a service relating to an Expression of Interest submitted by the Council. The service was delivered by Grimshaw Architects. Approved Minute 20446:

<https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-8th-September-2022-Full-Council-1.pdf>

The Council's FRs stipulate that the Council shall comply with the requirements of the Public Contract Regulations 2015 for works valued at above £25,000. It has complied with this regulation by choosing the below specific contractors to invite to quote.

- Grimshaw Architects
- White
- Foster and Partners
- Hopkins

Four contractors were invited to quote based upon their track record of delivering energy efficient projects, that are environmentally sustainable and align to the Council's net zero carbon agenda. Out of the contractors invited to quote, only two returned costs within the required timeframe, and Grimshaw Architects were the only company to submit a formal presentation to the Council to undertake the work.

The Council lawfully resolved to appoint Grimshaw Architect and advertised the awarded contract on Contract Finder:

<https://www.contractsfinder.service.gov.uk/Notice/760caaf3-ecd5-495f-83ec-ead40f0c0590>

ATVs

The procurement was for two ATVs to deliver public realm work (weed control).

The products were provided by Eco Charger - the only UK company to manufacture all-electric quad bikes compatible with the particular weed control system that the Council would be undertaking on behalf of Lancashire County Council.

The bikes were ordered via Parkway Plant Sales in January 2023 (a supplier recommended by Eco Charger), for delivery in April 2023.

The purchase was approved by the Full Council and Environment Committee at the meetings detailed below.

Minute 20447 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-8th-September-2022-Full-Council-1.pdf>

Minute 20462 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-3rd-November-2022-Full-Council.pdf>

Minute 20471 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/02/Minutes-FCM-26th-Jan-2023.pdf>

Minute EC2223-020 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Environment-Committee-Minutes-24th-November-2022.pdf>

The Council advertised the awarded contract on Contract Finder:

<https://www.contractsfinder.service.gov.uk/Notice/3bf51b1e-47bd-4b80-a1a5-a82db0da2cef>

Objection 9

The elector objects to the Council's failure to publish information in line with the Transparency Code regarding the purchase of the quad bikes.

Council Response

The Council advertised the awarded contract on Contract Finder:

<https://www.contractsfinder.service.gov.uk/Notice/3bf51b1e-47bd-4b80-a1a5-a82db0da2cef>

The Council also published the purchase on its website, under its report for payments exceeding £500, in line with the Transparency Code 2015:

<https://www.morecambe.gov.uk/wp-content/uploads/2023/07/Month-10-January-2023-List-of-Expenditure-exceeding-500.pdf>

Objection 10

The elector objects to the Council's failure to follow FRs when appointing an internal audit service.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council appointed JDH Business Services to undertake its internal audit for financial years 2021/22, 2022/23, and 2023/24.

Minute 20414 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/10/Minutes-5-May-2022-Annual-Council-Meeting.pdf>

The Council had received a full fee structure from the contractor which was considered by the Council at the time it first engaged JDH Business Services.

Minute 20331 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/03/Minutes-10-June-2021-Full-Council-Meeting.pdf>

Objection 11

The elector objects to the the Council's failure to provide various supporting documentation relating to the following during the inspection appointments:

- Contracts and procurement of various items;
- The small claims court action against Internal Audit Yorkshire;
- Grant application forms.
- The 2022/23 Internal Audit Report.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

Internal Audit Report:

The Council was unable to provide the FY2223 Internal Audit Report as it had not concluded at the time. It has since been published on the website:

<https://www.morecambe.gov.uk/wp-content/uploads/2024/04/Annual-Internal-Audit-Report-202223-1-1.pdf>

<https://www.morecambe.gov.uk/wp-content/uploads/2024/04/2022-23-Internal-Audit-with-Council-responses-and-action-plan.pdf>

Grant Applications:

The Council could not provide grant application forms due to restrictions within the Data Protection Act 2018.

Legal Paperwork:

The Council notes it has already responded to requests for this information. Responses have advised that the information is exempt from disclosure if the information is protected by legal professional privilege (LLP).

Contracts:

Where the Council holds contracts for services, they were provided during the inspection.

However, the Council considers some information exempt from inspection.

Section 43(2) of the FOIA states “information is exempt information if its disclosure under this Act would, or would be likely to, prejudice the commercial interests of any persons (including the public authority holding it).

In order for a prejudice based exemption, such as Section 43(2), to be engaged, the Council understand that three criteria must be met:

- Firstly, the actual harm which the public authority believes would, or would be likely, to occur if the withheld information was disclosed has to be related to the applicable interests within the relevant exemption;
- Secondly, the public authority must be able to demonstrate that some casual relationship exists between the potential disclosure of the information being withheld and the prejudice which the exemption is designed to protect. Furthermore, the resultant prejudice which is alleged must be real, actual or of substance; and
- Thirdly, it is necessary to establish whether the level of likelihood of prejudice being relied upon by the public authority is met - i.e. disclosure would be ‘likely to result’ in prejudice or disclosure ‘would’ result in prejudice. In relation to the lower threshold, the Council understands that the chance of prejudice occurring must be more than a hypothetical possibility; rather there must be a real and significant risk. With regard to the higher threshold, the Council understands this places a stronger evidential burden on the public authority. The anticipated prejudice must be more likely than not.

The Council considers that disclosure of the submitted tenders or details contracts submitted by bidding companies is likely to affect the commercial interests of both the third party companies and the Council.

The Council understands that each business will have spent time and resources preparing its procurement pitches and tenders for submission. The Council considers that it is likely to be prejudicial to the commercial interests of the tendering businesses to enable competitors to undercut, copy or improve on parts of the tender for future tender bids, whether to provide services to the Council or other parties. The documents are not “boilerplate” documents and were specifically tailored to the contract and it is considered that their confidentiality is particularly important as the Council may tender, or seek quotes, for similar services again in the future.

The Council considers that it is likely that the businesses tendered may find their commercial advantage significantly reduced if competitors were able to copy their approach. The Council also considers that it is likely that if the names of the companies that submitted the unsuccessful tender(s) were published then there would be more than a hypothetical chance that this would prejudice the specified companies’ commercial interests and reputation. The Council also considers that the disclosure of the tender documents is likely to prejudice the commercial interests of the Council itself. If competing companies were able to copy previously submitted tenders, this could risk the homogenisation of tender submissions to the Council in the future. This action could make it more difficult for the Council to distinguish those companies which are able to provide the best service and value for money, having prepared their submissions based on knowledge and experience in the market, from those companies which simply copied their competitors’ submissions and costings.

The Council acknowledges that there is an inherent public interest in transparency in the Council’s decision-making process, however, it considers that this has been met by the disclosure of the costs paid to the successful company. The Council believes there is an inherent public interest in ensuring competition for public sector contracts and obtaining value for money for the Council.

The Council is of the opinion that the public interest in disclosure does not extend to disclosing information that would harm the company's ability to protect its position in a competitive environment. The company was awarded the contract on the basis that it submitted the best tender, and the Council is of the opinion it would not be fair to disclose information that would disadvantage the company in future tender processes. The Council considers this to be significant in balancing the public interest test.

Objection 12

The elector objects to the appointment of and payment to a barrister for the small claims court action against Internal Audit Yorkshire which the elector contends was not authorised by the Council.

Council Response

At its meeting held on 22 July 2021, and 21 July 2022, the Council resolved to delegate instruction of solicitors to the Proper Officer, in consultation with the Chairman.

Minute 20344 - <https://www.morecambe.gov.uk/wp-content/uploads/2021/09/Minutes-22-July-2021-Full-Council-Meeting.pdf>

Minute 20437 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/10/Minutes-21-July-2022-Full-Council.pdf>

Internal Audit Yorkshire has requested an investigation into which councillors released payments to the barrister "without the authority of the full council." However, as previously identified, any payments would have been duly authorised by the Council. Furthermore, there were no payments issued to a barrister for this purpose within the 2022-2023 financial year. Therefore, the Council is unaware of which payments Internal Audit Yorkshire is referring to. It is presumed that this is another speculative assumption made by Internal Audit Yorkshire without regard for the facts.

Objection 13

The elector objects to expenditure totalling £3,320 on items purchased from Amazon using an account registered under the name of a former officer.

Council Response

The Council's Amazon account is registered to Morecambe Town Council, and officers names are linked to the account.

Historically, some employees used their personal phones to set up some of the Council's supplier accounts and it has been difficult to amend some details without being able to pass security checks (which are linked to the mobile telephone numbers of prior employees). Further, some suppliers such as Amazon have not permitted further accounts to be set up whilst linked to the same email address (clerk@morecambe.gov.uk).

The Council has had ongoing dialogue with Amazon (and other suppliers) regarding this matter and it has now been resolved. However, it should be noted that the account has always been in the name of Morecambe Town Council, and full ownership of the account has always been retained by the Council. It is not uncommon for suppliers to retain outdated names of officers on their system, and the Council will continue to notify suppliers of key personnel changes as they arise. Passwords to supplier accounts are changed once each employee has left the employment of the Council to prevent risk of fraud and access to accounts.

Following a request from the elector, members of the Council have investigated the full list of expenditure purchased through Amazon (totalling £3,320). Whilst some items (such as flags, tablecloths, and disposable spoons/plates/cups are considered consumables), other items have been fully accounted for.

The Council has also investigated whether or not refunds can be made from the Amazon account to another payment method. Whilst the Council has been unable to verify this claim, members of the Council have checked the Amazon account in realtime to confirm they are satisfied that any refunds have been made via a credit to the Council's account.

Objection 14

The elector objects to expenditure totalling £3,420 on mobile phone contracts with EE and £4,497 on IT equipment with Apple which the elector contends does not represent best value and therefore breaches FR 10.2.

Council Response

Financial Regulation 10.2 states:

“All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining two to three quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11.1 below. On occasion it may not be appropriate or possible to obtain more than one quote, especially if the council seek a particular product or service or the anticipated cost falls below a £5,000 threshold.”

EE Mobile Phones

The The Environment Committee reviewed and approved quotes for EE mobile phone contracts, opting for their durability and suitability in fulfilling the diverse operational needs of council officers. Despite a preference for Fairphones due to environmental sustainability, their inferior camera quality rendered them unsuitable for council purposes. Choosing EE contracts eliminates the need for additional equipment such as digital cameras, SD cards, and computers, streamlining daily tasks for operatives.

EE mobile phones offer efficient integration with the Council's HR apps, work schedules, social media platforms, and work log documentation. They enable officers to complete various tasks, including recording videos and taking photographs, with compatibility for data transfer with Lancaster City Council's devices (using features like speech recognition (Siri) and AirDrop to enhance functionality, especially in challenging work scenarios, when they may not be able to hold their devices, such as whilst working in culverts). The contracts provide unlimited data usage, ample phone memory, and unlimited calls, ensuring optimal connectivity in areas where operatives operate, allowing for emergency contact to be made if needed.

The phones' large screens facilitate real-time spreadsheet completion, eliminating the need for officers to return to the office daily for data input. This real-time accessibility enhances efficiency, reduces crossover, and provides a comprehensive snapshot of completed work accessible to all officers. The phone also provide additional health and safety to officer to contact emergency services should they be unable to use their hands - this is particularly useful when working alone.

The solution chosen by the Committee has worked effectively, and improved output. Lancashire County Council has suggested there has been a significant reduction in year-on-year complaints about weeds, and there is consistent positive feedback from members of the public.

Minute EC2223-006 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/09/Environment-Committee-Minutes-1-June-2022.pdf>

The Council is committed to reviewing best value of existing contracts and its Finance and Governance Committee has agreed to investigate other options that may have entered the market since the existing contracts were agreed (Minutes FG2324-20):

<https://www.morecambe.gov.uk/wp-content/uploads/2024/04/Finance-and-Governance-Minutes-060224-6-LT-Amends.pdf>

Apple IT Equipment

During the Covid-19 lockdown in July 2020, the Council appointed its current Proper Officer as a locum. Due to Covid-19 restrictions, the Town Hall office was inaccessible, prompting the Council to request the locum Proper Officer to utilise a personal computer, exclusively reserved for MTC work. Leveraging the only facility available to the locum officer at the time, including pre-installed software on an Apple device, the Proper Officer produced all council documentation for the subsequent twelve months, resulting in substantial cost savings to the Council by avoiding the setup of a dedicated home IT system.

In 2021, with the employment of two town rangers and an Events Officer, the officers began using the two available computers in the office, while the Proper Officer continued with the use of the Apple device.

In the absence of a budget for additional office IT in the 2021-2022 financial year, the Council recognised that converting all documents back to a Microsoft system after two years of using Apple-compatible software would be an inefficient use of limited officer resources.

Upon employing a Projects Officer, the Council sought a device capable of producing superior graphic content for advertising, social media, and videos. The chosen Apple device was deemed suitable, with comparable Microsoft processor specifications not significantly differing in cost (with Apple products proving to hold their value better over time). The decision was informed by compatibility with existing Council documents, integrated security software, and the convenience of free support through Apple's 'Genius Bar' workshops/repairs.

The selected devices have effectively fulfilled their intended purpose, facilitating substantial design work alongside routine council operations. Seamless compatibility has enabled easy sharing of documents among officers, and integration with mobile phones supports efficient data transfer through the AirDrop function, utilising Bluetooth connectivity without the need for device connections.

The devices are equipped with a built-in camera, also facilitating the seamless integration of remote meeting functions, now established as a routine practice within the Council, especially when communicating with external contractors, stakeholders, and advisory bodies.

Objection 15

The elector objects to expenditure totalling £3,124 on on 31 transactions representing reimbursements to the RFO including a tablet that is not shown on the fixed asset register.

Council Response

The purchase of the tablet cost £83.33 (+VAT). This expenditure was approved at the Council's meeting held on 3 November, 2022:

Minute 20458 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/01/Minutes-3rd-November-2022-Full-Council.pdf>

During the 2021-2022 internal audit, the auditor noted that the threshold for capitalisation of non-community assets or gifts was £nil which meant even very low expenditure items were being recorded in the asset register. The internal auditor advised that the Council should consider "adopting a reasonable threshold for capitalising fixed assets for inclusion in the fixed asset register". This practice is now also recommended within the JPAG.

The Council implemented this recommendation at its meeting held on 29 June, 2023 (minutes below), and set a de minimis value of £100 for each asset on the register (excluding land assets or gifted assets estimated or known to be valued above this amount). Therefore the tablet is not shown on the asset register as it is not of the minimum value required to appear on the register.

Minute 2023/24-023 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/07/Minutes-29-June-2023.pdf>

The Council notes there is no Financial Regulation which restricts the RFO from incurring payments on the Council's behalf and reclaiming the costs.

Following a request from the elector, members of the Council have investigated the full list of expenditure purchased by officers (totalling £3,585.58). Whilst some items (such as cable ties, napkins, and refreshments are considered consumables), other items have been fully accounted for including the Amazon tablet (£99.99), cables for computers, LED lights (£442.00), Eco Flow Power Generator (£1,299.00), DBS (£94.00), tablecloths (£255), and the studio easel (£98.00). It is important to note that without these purchases, the risk to council services would have been significant and the community would not have benefited from the large events that the Council has organised, including the Queen's Jubilee, and the Mars art exhibition.

The Council has reimbursed the costs as approved expenditure of the authority, and the Council's new Finance Officer is currently tasked with researching a card facility for the Council to consider using in the future.

It is worth also noting that historically, there was legislation mandating that two elected councillors must sign off every payment for parish and town councils¹. Whilst this legislation had a practical application between 1972 and the early 2000s when cheques were still widely accepted by many retailers, the UK Cheque Guarantee System was discontinued in 2011 (meaning that retailers had no way to know that a cheque was going to bounce or not) and businesses typically stopped accepting them as a form of payment. This created widespread challenges for the parish and town council sector, who were effectively legally-bound to solely make payments via cheques. And at the same time, there was an increase in online retailers solely accepting payment via card, and the two-councillor signatory requirement was repealed².

As a practical workaround, employees would incur the expenditure, and a cheque would be issued to them by the authority after being signed off by two councillors. This practice became standard within the sector, as highlighted in the Legal Topic Note issued by NALC in 2011 (Section 49) which states "where a purchase has to be made in the name of the Parish Clerk the invoice details may be the Parish Clerk".

As payments migrated to online banking, there was a lack of banks who offered products to parish and town councils aligning with legislative requirements, particularly those allowing two-person sign-off and payments to be setup by an officer. Unity Trust Bank was among the first to address this, but they lack a debit or credit card function and face challenges with succession arrangements for smaller authorities where banking signatories can change dramatically following an election, or officers can leave post without warning. This means often it can take several months for new officers and members to gain access to a bank account, often leaving officers burdened with making payments on the personal cards until such matters are resolved.

Despite legislative reforms in 2013 to repeal the two-signatory councillor sign off, the regulations of parish and town councils still require a two-step process (most commonly now undertaken by one officer to set up a payment, and one signatory to release a payment) and there remains a shortage of banks which offer the full functionality required of the sector. These banking issues have been widely reported by NALC, with ongoing campaigns for sector reform³. MTC is currently investigating options available for a credit card, payable by monthly direct debit, with research underway by the Finance Officer to be presented to the Finance Committee at its next meeting.

It's important to note that while the process of employees incurring expenditure on behalf of the Council is not ideal, it's a widespread practice stemming from banks failing to adapt to legislative changes and sector operations.

It is also important to note that the legitimacy of council payments are not undermined solely because an employee has incurred the expenditure on behalf of the Council.

¹ Local Government Act 1972, Section 150(5): "Every cheque or other order for the payment of money by a parish or community council shall be signed by two members of the council".

² https://www.parliament.uk/globalassets/documents/dpr/2013-14/draft-legislative-reform-payments-by-parish-councils-community-councils-and-charter-trustees-order-2013/ukdsiem_9780111105825_en.pdf

³ <https://www.nalc.gov.uk/our-work/banking>

Objection 16

The elector objects to the level of detail on agendas and minutes relating to grant applications and awards (totalling over £100,000), which the elector contends does not comply with the requirements of the Local Government Act 1972.

Council Response

The Council notes it has already responded to similar requests for further information.

The Council awards grants each year. The Transparency Code 2015 details the information to be published relating to awarded grants - including the date the expenditure was incurred, the department/budget line which incurred the expenditure, the beneficiary, a summary of the purpose of the expenditure, the amount, any VAT that cannot be recovered, and the merchant category. All of this information can be found on the Council's website (link below) within the summary of grants awarded, and the payments exceeding £500 reports.

<https://www.morecambe.gov.uk/community-grants/>

In cases where a grant of less than £500 has been awarded, this is also included on the same report. For example, a grant awarded to Morecambe Bloomers for a sum of £350.00 can be found on the below link.

<https://www.morecambe.gov.uk/wp-content/uploads/2024/01/Month-5-August-2022-List-of-Expenditure-exceeding-500.pdf>

In an email dated 6.6.23, a detailed response to a Freedom of Information Request (accepted by the ICO) advised “all applications contain the personal and identifiable information of applicants. The Council withholds all applications from disclosure under section 40(s) of the FOIA, and only publishes organisational information for grants that have been approved. It is confirmed that the Council considers the most relevant data protection principle in this case is the first: that the processing (in this case the disclosure) of personal data would need to be fair and lawful.

The exemption at section 40(2) of the FOIA provides that any third party personal data is exempt if its disclosure would contravene any of the Data Protection Principles set out in Schedule 1 of the Data Protection Act (DPA). Personal data is defined as data which relates to a living individual who can be identified-

- from those data, or

- from those data and other information which is in the possession of, or is likely to come into the possession of, the data controller, and includes any expression of opinion about that individual and any indication of the intentions of the data controller or any other person in respect of the individual...”

The Council considers that the information withheld by the authority is personal data since it relates to the named individual and they could be identified from it. The Council has considered whether disclosure of the information would breach any of the data protection principles. In considering whether disclosure would be fair, the Council balanced the reasonable expectations of the individual, the potential consequences of the disclosure (including whether damage or distress could be caused) and whether there is legitimate public interest in the disclosure of the information in question.

Whether an individual might reasonably expect to have their personal data released depends on a number of factors. These include whether the information relates to a person in their professional role or to them as individuals. In this case, it is evident that the withheld information relates to the individual’s professional role within their organisation and not their private life. However, the Council considers that the individual would have no reasonable expectation that specific personal information would be disclosed to the wider world, and considers that disclosure would potentially be an invasion of their privacy and could be distressing. The Council considers that there is little value to the wider public in the withheld information. The Council is satisfied that on balance, the legitimate public interest would not outweigh the interests of the named individual and that it would not be fair to disclose the requested information in this case.

It is further confirmed that the authority holds and publishes the information regarding the grants that are offered and paid. The Council also holds minutes of meetings which detail any declaration of interests made by councillors. The Monitoring Officer of Lancaster City Council holds a register of all declarations of interest. It should be noted that the purpose of Section 21 of the Freedom of Information Act 2000 is to ensure that there is no right of access to information via the FOIA if it is available to the applicant by another route. Section 21 provides an absolute exemption. This means that if the requested information is held by the public authority, and it is reasonably accessible to the applicant by other means, it is not subject to the public interest test.

Minutes of council meetings detailing declarations made during meetings can be found on the below links. The minutes also detail all grants awarded by committees and/or the full council.

<https://www.morecambe.gov.uk/council-agendas-and-minutes-2021-2022/>

<https://www.morecambe.gov.uk/grants-committee/>

<https://www.morecambe.gov.uk/committees/festivals-committee/>

Objection 17

The elector objects to the lack of a published grants policy detailing the guidelines and framework for assessing and awarding grants.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council publishes its grant application forms, and criteria, on the link below.

<https://www.morecambe.gov.uk/community-grants/>

Objection 18

The elector objects to a councillor's failure to declare a pecuniary interest in a grant application by Morecambe Parish Church for work on a building owned by the Councillor to create a community cafe, in line with the requirements of the Localism Act 2011.

Council Response

At a meeting held on 1 June, 2022, the Grants Committee awarded a grant to Morecambe Parish Church for the creation of a Community Cafe.

The Councillor declared their interest in the grant application and did not vote, this is confirmed in the below minutes.

Minute GC2223-010 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/10/Grant-Committee-Minutes-1-June-2022.pdf>

The Councillor declared their interest both at the beginning of the meeting (Minute GC2223-004 - Declarations of Interest), and just prior to the item being discussed later in the meeting.

The grant was specifically awarded for equipment acquisition, such as fridges, and not for any building-related work. Consequently, there is no potential property value increase that the councillor could derive personal benefit from.

Notwithstanding the above, the Council also notes it is not directly responsible for whether or not individual councillors declare a pecuniary interest. The Localism Act 2011 is clear in that it is the personal responsibility of members to declare any pecuniary interest, and any such failure to do so can be reported to the Police. It is understood this matter has already been referred to the Monitoring Officer at Lancaster City Council, and Lancashire Police. As far as the Council is aware, no further action has been taken.

Additionally, it is important to note that the Councillor in question is no longer an elected member, and the Council takes exception to Internal Audit Yorkshire's misrepresentation of the facts. We urge Internal Audit Yorkshire to conduct more thorough searches of the Council's records, all of which are publicly available on its website, before making unfounded accusations of this nature.

Objection 19

The elector objects to the payment of a £7,000 grant to Morecambe Parish Church, which the elector contends may be unlawful.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council notes that in 2023 the Government clarified that they “do not think that there is any general or specific provision in the 1894 Act which prohibits parish councils funding the maintenance and upkeep of churches and other religious buildings”.

Objection 20

The elector objects to the completion of Assertions 2 and 6 prior to the consideration by the Council of the 2022/23 internal auditor's report (Assertions 2 and 6).

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council acknowledges operational delays due to staffing shortages exacerbated by a high volume of FOI requests, straining resources. The Council accepts the best practice recommendations in the Practitioner's Guide, and from the IA, and understands there is no legislative requirement to consider the IA report before completing the AGAR. The Council accepts Regulation 5 of the Accounts and Audit Regulations 2015 (extract below) which mandates an effective internal audit, noting it does not specify a timeline for completion. The Council notes that many local authorities are faced with audit delays⁴, as seen with Lancaster City Council's 2021-2022 audit. The Council has worked as quickly as practicable to respond to the enquiries raised by the IA, and it has provided the IA (on 8.1.24) with the requested copy of the challenge correspondence summary received from the EA PKF Littlejohn as requested.

Internal audit

5.-(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit -

(a) make available such documents and records; and

(b) Supply such information and explanations; as are considered necessary by those conducting the internal audit;

(c) In this regulation "documents and records" includes information recorded in an electronic form.

Recognising the need for increased personnel, additional officers joined the authority in December 2023. While this has enhanced efficiency, a balanced approach to audits and FOI requests is necessary. The Council feels strongly that a policy on vexatious FOI requests is required and the authority will be undertaking full

⁴ ⁴ <https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation/local-audit-delays-joint-statement-on-update-to-proposals-to-clear-the-backlog-and-embed-timely-audit#:~:text=The%20backlog%20in%20the%20publication,audit%20opinions%20stood%20at%20771>

costing exercises to monitor the cost of document inspections, FOIs and Audits. The focus must also be maintained on delivering detailed and accurate responses to audit queries in order to maintain the integrity of the audit and ensure it achieves its purpose.

Objection 21

The elector objects to the completion of Assertions 2 and 6 prior to the consideration by the Council of the 2022/23 internal auditor's report (Assertions 2 and 6).

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council notes that in order to restate the prior year's figures on an accruals basis (as considered best practice), the prior year brought forward figure in Box 1 requires adjusting for any items that must be accrued at the end of the year prior.

Objection 22

The elector objects to the preparation of the income and expenditure figures from the cash book.

Council Response

The Council notes its Internal Auditor reviewed this objection.

The Council operated on a receipts and payments accounting basis for the majority of the financial year.

The figures in the AGAR were then approved by the Council after being changed from 'payments and receipts' to 'income and expenditure' in preparation for the AGAR submission (in preparation for the commencement of the new financial year). The AGAR was signed by the Proper Officer before final presentation of the figures to the Council at its meeting of 29.6.23 and members noted accruals had been taken into consideration (namely that the VAT had been removed).

The Council agrees with the IA that a more comprehensive year end procedures will be required in future years to catch all accruals, and it has already begun to put processes in place to achieve this.

Objection 23

The elector objects to the fixed assets figure.

Council Response

During the 2021-2022 internal audit, the auditor noted that the threshold for capitalisation of non-community assets or gifts was £nil which meant even very low expenditure items were being recorded in the asset register. The internal auditor advised that the Council should consider “adopting a reasonable threshold for capitalising fixed assets for inclusion in the fixed asset register”. This practice is now also recommended within the JPAG.

The Council implemented this recommendation at its meeting held on 29 June, 2023 (minutes below), and set a de minimis value of £100 for each asset on the register (excluding land assets or gifted assets estimated or known to be valued above this amount).

Minute 2023/24-023 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/07/Minutes-29-June-2023.pdf>

The Council has recently amended its AGAR following a numerical transcription error to the prior year’s Asset Register Figure. The Council noted the error, accepted the amend and approved Chairman to sign the original document (Minute 2023/24 - 089 - Finance):

<https://www.morecambe.gov.uk/wp-content/uploads/2024/03/February-2024-full-council-minutes.pdf>

“To note that a transcription error has been identified on the AGAR (Section 2) submitted by the Council for its 2022-2023 audit. Each annual AGAR requires that the prior year’s figures be submitted alongside the current year, and rather than transcribing the 2021-2022 asset register figure, the 2020-2021 asset register figure was included in error. It should be noted that the correct asset register figure for 2021-2022 was submitted at the time of that audit, and the correct asset register figure for 2022-2023 was submitted at the time of that audit. The Council will need to note the transcription error and approve the Chairperson to amend and sign its AGAR to reflect the actual asset register figure for 2021-2022 of £111,956.00”.

The restated AGAR can be found on the link below.

<https://www.morecambe.gov.uk/wp-content/uploads/2024/03/Restated-Accounting-Statement-22-23.pdf>

Objection 24

The elector objects to the de minimis asset register level and the Council's fixed asset valuation policy.

Council Response

During the 2021-2022 internal audit, the auditor noted that the threshold for capitalisation of non-community assets or gifts was £nil which meant even very low expenditure items were being recorded in the asset register. The internal auditor advised that the Council should consider "adopting a reasonable threshold for capitalising fixed assets for inclusion in the fixed asset register". This practice is now also recommended within the JPAG.

The Council implemented this recommendation at its meeting held on 29 June, 2023 (minutes below), and set a de minimis value of £100 for each asset on the register (excluding land assets or gifted assets estimated or known to be valued above this amount).

Minute 2023/24-023 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/07/Minutes-29-June-2023.pdf>

Objection 25

The elector objects to the signing of the AGAR Accounting Statements on the date of the approval meeting.

Council Response

When the AGAR figures were first presented to the Council with the agenda, they were presented on a 'payments and receipts' basis, and signed by the RFO.

In between the issuing of agenda papers, and the meeting, discussions with advisory bodies indicated that it would be best practice to present the AGAR on an 'income and expenditure' basis as this was the final year the Council could operate on a 'payments and receipts' basis. This change was discussed with members, and it was agreed that it would be best to remove the VAT (and any other large accruals) from the accounts in order to ensure ease of commencement into the new financial year.

The figures in the AGAR were then approved by the Council after being changed from 'payments and receipts' to 'income and expenditure' in preparation for the AGAR submission and the new amended figures in the AGAR were signed by the Proper Officer before final presentation of the figures to the Council at its meeting of 29.6.23.

Objection 26

The elector objects to the approval of the 2022/23 AGAR by only a minority of members.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The AGAR was approved in a meeting that was quorate. No member voted against the motion. However, several abstained as they were not in office during the period of time for which the accounts related.

Objection 27

The elector objects to the exclusion of press and public from meetings without reference to the correct statute.

Council Response

The Council notes the objection and has taken corrective action to resolve an addendum to each of the minutes which include a reference to incorrect statute:

<https://www.morecambe.gov.uk/wp-content/uploads/2024/04/MTC-Agenda-Meeting-of-the-Council-18-April-2024.pdf>

Objection 28

The elector objects to the delegation to the RFO of a project to develop a business case and contract for a weeding service to be provided by the Council in 2023/24 onwards, the lack of transparency to the public of the associated risks and financial implications

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

It is the Council's gift to delegate to officers as it sees fit, and as is permitted by legislation.

The Council has at all times adhered to the requirements of the Transparency Code 2015 in the undertaking of the weeding service, and has fully published all details regarding the scope of the work, the necessary investment required to undertake the work, the income the work will generate, and the improvements to the visual appearance of the town and district through the delivery of the innovate service.

This is the first time the service has been delivered in the area using electric ATV vehicles, and the method of weed control application has resulted in significant improvements across the town and district which has resulted in widespread reports from all local authorities of a year-on-year reduction in complaints.

The Council has already responded to similar Freedom of Information Requests to access the Council's documentation regarding the proposals it submitted to Lancashire County Council, and ongoing negotiations to secure the service delivery. Section 43(1) of the Freedom of Information Act 2000 provides an exemption from disclosure for information which is a trade secret. Section 43(2) exempts information whose disclosure would, or would be likely to, prejudice the commercial interests of any legal person (an individual, a company, the public authority itself or any other legal entity). Section 43(3) provides an exemption from the duty to confirm or deny whether you hold information, if doing so would, or would be likely to, prejudice the interests protected by section 43(2).

The Council considers that it is likely that it may find its commercial advantage significantly reduced if competitors were able to copy its approach. The Council also considers that it is likely that if the names of the companies (and invoice details) of the third parties which provide the council with weed control products were published then there would be more than a hypothetical chance that this would prejudice the specified companies' commercial interests and reputation, especially if they have provided the Council with a commercial preference in cost and/or availability of products. The publication of key documents could risk the homogenisation of tender submissions from the Council in the future. This action could make it more difficult for other authorities (such as Lancashire County Council) to distinguish those companies which are able to provide the best service and value for money, having prepared their submissions based on knowledge and experience in the market, from those companies which simply copied their competitors' submissions and costings, and on balance it is not considered in the interest of the public to provide all the details

of the Council's delivery of the weeding control service, save for any information (such as locations of where weed control product is used) that are mandated by law.

Objection 29

The elector objects to the Council's budget and precept setting procedures for 2023/24 (Assertion 1), its failure to submit the precept request by 31 January in line with FRs and consider a 3 year forecast in line with FRs (Assertion 2)

Council Response

The Council submitted its precept request within its statutory timeframe, prior to March 1.

As one of the most important financial documents in the Council's fiscal year, the first priority of budget setting is that it is prepared as accurately as possible, with due consideration of all anticipated expenditure. The Council was unable to prepare its financial budget for the 2023-2024 financial year by the end of January due to matters outside of its control - for example, it was still awaiting costs from suppliers including Lancaster City Council on rent increases (these costs were not confirmed until mid-February 2023).

The Council noted at its meeting held on 26 January, 2023, that it was unable to set its budget until final anticipated expenditure was confirmed, and it agreed to hold a meeting in February to set the 2023-24 budget and precept.

Minute 20468 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/02/Minutes-FCM-26th-Jan-2023.pdf>

The Council's Financial Regulations state it shall consider annual budget proposals in relation to the council's 1-3 year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly. The Financial Regulations do not state that the Council will only consider a 3-year forecast, and the interpretation in this instance of NALC's Model Financial Regulations (as confirmed by NALC) is that the Council can consider anywhere from a 1 to a 3-year forecast of revenue and expenditure. The Council in this instance has considered a 1-year forecast, complying with its Financial Regulations and legislation.

The Council notes as it evolves it would be prudent to set a three-year illustration, and it has commenced work on this.

Objection 30

The elector objects to the inclusion in the budget of a £1 million project to purchase and develop the Frontierland site without a business case or risk assessment which led to a 231% increase in the precept request for 2023/24.

Council Response

The Council confirmed at its meeting held on 23 February, 2023, that the Community Fund Reserve was not to purchase the former Frontierland site.

Minute 20478 - <https://www.morecambe.gov.uk/wp-content/uploads/2023/03/Minutes-FCM-23-February-2023.pdf>

The Community Fund Reserve was raised by the Town Council in response to resident ambitions, supported by evidence from a survey that garnered over 1500 responses. At the time of raising the Reserve, no procurement exercise had been conducted by Lancaster City Council, the current site owner. However, the Town Council formulated an outline masterplan for the site to include all the ideas raised by residents, aimed at benefiting the Morecambe community. These projects could have involved collaboration with local organisations, private developers, and the three local authorities, and this expression of interest was submitted to Lancaster City Council following a 'call for ideas'.

Pending confirmation from Lancaster City Council regarding the potential gifting of land parcels for community development, the Town Council proceeded to set its budget. This proactive step aimed to ensure sufficient resources for match funding, laying a strong foundation for the development of ideas and further engagement with the community.

Had the project progressed, a comprehensive business case would have been prepared for approval. This would have followed due consideration by the Council prior to any procurement exercise initiated by Lancaster City Council.

It is important to highlight that following Morecambe Town Council's submission, and with the backing of the community, the initial direction earmarked by Lancaster City Council for the site underwent significant changes. Subsequent calls for ideas have placed greater emphasis on potential community uses, as well as leisure and recreation facilities.

The legal department of the National Association of Local Councils (NALC) has also advised that the Council has the option to raise an earmarked reserve if deemed necessary (and reallocate it). Furthermore, there has been no failure to comply with any legislation or Financial Regulations.

The Council has recently responded in full to the Minister for Local Government regarding its decision to raise its precept, and a full response can be found on the link below.

<https://www.morecambe.gov.uk/blog/2024/03/21/morecambe-town-council-rebuts-misinformation-spread-by-david-morris-mp-in-correspondence-with-minister-for-local-government/>

Objection 31

The elector objects to the Council's failure to comply with the publication requirement of the Transparency Code in respect of payments over £500 and contracts over £5,000.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council publishes this information on the below links.

<https://www.morecambe.gov.uk/data-transparency/>

<https://www.morecambe.gov.uk/financial-reports/>

Objection 32

The elector objects to the Council's failure to carry out internal control checks during the year to ensure compliance with FRs.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council undertook internal control checks throughout the year, including budget monitoring, sample testing, payment authorisation checks, and monthly bank reconciliation checks, in addition to reviewing the effectiveness of its SOs and FRs.

Objection 33

The elector objects to the Council's failure to review its risk management arrangements during the year.

Council Response

The Council reviewed its risk management arrangements at its meeting held on 5 May, 2022.

Minute 20410 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/10/Minutes-5-May-2022-Annual-Council-Meeting.pdf>

Objection 34

The elector objects to the Council's failure to manage the risks associated with one person performing the proper officer and RFO roles.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council reviewed its risk management arrangements at its meeting held on 5 May, 2022.

Minute 20410 - <https://www.morecambe.gov.uk/wp-content/uploads/2022/10/Minutes-5-May-2022-Annual-Council-Meeting.pdf>

The Council acknowledges it is commonplace in the sector for one officer to undertake both roles.

Objection 35

The elector objects to the Council's failure to record decisions delegated to the RFO in line with the Openness of Local Government Bodies Regulations 2014.

Council Response

The Council notes that it records in its minutes any decisions which it has delegated to the RFO. An Authorisation Slip is also held for payments detailing the same. The Council notes if any decisions fall within delegated authority to an officer, and are eligible for record, in line with the Openness of Local Government Bodies Regulations 2014, then the officer responsible does indeed records these decisions as soon as reasonably practical after the decision has been made.

It should be noted that the Government's Guide to the same legislation⁵ states not all decisions will be recorded, and "the requirement to record applies to all decisions taken by officers whilst acting under a specific express authorisation and to only three categories of decision taken whilst acting under a general authorisation. These categories cover decisions to "grant a permission or licence"; that "affect the rights of an individual" (i.e. to change an individual's legal rights); or to "award a contract or incur expenditure which, in either case, materially affects that relevant local government body's financial position".

The Guide goes on to advise "officers take many administrative and operational decisions about how they go about their day to day work within the council's or local body's rules. These decisions will not need to be recorded."

It is further confirmed that members of the public "will not be able to inspect some recorded decisions if the whole or part of the records contains confidential or exempt information. Examples of decisions that should be recorded could include: decisions about awarding contracts above specified individual or total values (the values will vary according to the relevant council or local government body)".

The Guide advises that "decisions that do not need to be recorded might include the following examples:

- i) Routine administrative and organisational decisions such as giving permission to a local society to use the authority's premises;
- ii) decisions on operational matters such as day to day variations in services;

The Guide also confirms "it is for the council or local government body to decide what information should be recorded on the basis of the national rules". The Council's register of officer decision making can be found on the link below.

⁵ https://assets.publishing.service.gov.uk/media/5a7cfc8be5274a33be6483d2/140812_Openness_Guide.pdf

<https://www.morecambe.gov.uk/data-transparency/>

Objection 36

The elector objects to the Council's failure to ensure that the RFO declares pecuniary interests in relevant contracts in line with s117 of the Local Government Act 1972.

Council Response

The Council notes that the External Auditor, PKF Littlejohn, has not upheld this challenge as a valid objection.

The Council confirms it does ensure that its officers declare pecuniary interests in relevant contracts in line with s117 of the Local Government Act 1972.