



**Minutes of the Hanslope Parish Council Extra Ordinary Meeting  
held in the Village Hall, Newport Road, Hanslope on  
Monday 27<sup>th</sup> June 2016 at 7.30pm**

**Present: -** Councillors: Jeannette Green (Chairperson) (JG)  
Ben Wheeler (BW)  
Eileen Price (EP)  
Shelia Mobley (SM)  
Simon Proctor (SP)  
Dorothy Courtman (DC)  
Richard Green (RG)

- 16.143 APOLOGIES FOR ABSENCE** Councillor Martin Palmer (Vice Chair) sent apologies in advance of the meeting. It was **resolved** to accept these apologies.
- 16.144 MEMBERS DECLARATION OF INTEREST** None received.
- 16.145 TO APPROVE ANNUAL ACCOUNTS FOR 2015/2016** The clerk read out the annual governance statement 2015/16, the Parish Council agreed to a response of No to points 1, 2 and 3 and Yes to all remaining questions, the Chair (JG) signed the form to confirm the agreement of the council. The annual return figures prepared by the clerk and confirmed by the internal auditor was agreed by all and signed by the Chair (JG).
- 16.146 TO REVIEW INTERNAL AUDIT REPORT** The report supplied by the internal auditor had been circulated prior to the meeting. The Council agreed on the seriousness of the situation and resolved that they would focus on preventing this situation from occurring in the future but would like to make it clear that this situation has arisen due to significant failings by the previous two clerks and the inconsistency of clerk support caused by ill health and resignation. The internal auditor has assured the Parish Council that he is happy that the new clerk has policies and processes in place to ensure that the practices of the past will not be repeated and that the next audit should pass without concern. Details of the concerns raised by the auditor, and how they are being addressed are listed below.

**16.147 TO AGREE PROCESSES GOING FORWARD** The clerk presented the following proposals with reference to the auditors report and letter to the external auditor:

**With reference to the internal auditor's letter to the external auditor:**

Reference	Auditor observation	Response
Box A Accounting Records.	The Accounting Records for the Council were incomplete with some supporting documentation being absent whilst others were incomplete.	Records for the current financial year are complete and up to date. Cashbook is updated as the cheques are written and as statements are received.
Box B Financial Regulations, Payments supported by documentation, expenditure approved and VAT accounted for.	Payments made for the period 01 April to 30 September 2015 were not properly authorised and retrospective authorisation is required to be carried out. Whilst VAT has been accounted for no reclaim has been made for an extended period and I have found no evidence of proper Internal Controls.	All payment for 01/04/15 - 30/09/15 will be retrospectively authorised at the monthly meeting on 11th July 2016. VAT reclaim to be completed by the clerk and thereafter will be completed on a six monthly basis. Internal control procedures will also be agreed and authorised at this meeting. The current internal controls officer will remain as such and be removed as a signatory. 2 other councillors will be added to enable cheques to be signed on a monthly basis.
Box F Petty Cash.	A former member of staff has operated a pseudo 'Imprest Account' which appears to have consisted of writing a cheque to himself which he paid into his own bank account. There is also the suggestion that certain cash receipts have not been properly accounted for and very little supporting documentation exists. The new Clerk does not intend to utilise any Petty Cash.	Hanslope Parish Council will no longer operate a petty cash box and has not done so in the current financial year.
Box G Salaries and Allowances.	It appears that over an extended period payments have been made to at least one member of staff without any PAYE being deducted or NI being paid by the Council. I have ordered an investigation into another employee who has now left the Council as to whether appropriate action has been taken as records are missing but the service for payroll in this case is via an external supplier therefore information is awaited.	Clerk to follow up with ex employee involved to establish the extent of the situation and will report to the council in the monthly meeting on 12th September 2016 (note that the council do not meet in August).  The Council will confirm their liability and resolve to rectify any underpayment that has been made.  The Council use a third party payroll company to process the clerks salary, the clerk is currently the only employee and we are therefore

		satisfied that this situation no longer exists.
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**With reference to the internal auditor's report to the Parish Council:**

<b>Point No.</b>	<b>Detail</b>	<b>Action</b>
1	<p>Unauthorised Payments. I am very concerned that all payments which have been made between 01 April 2015 and 16 September 2015 do not appear in the Minutes and are therefore unauthorised, these payments are listed in Appendix 1 to this report. Additionally payments 2576, 2577 and 2580 made on 16 February 2016 do not appear in the Minutes. The Council is required to retrospectively authorise all these payments at the first available Meeting. I am also concerned that payments have been made without supporting documentation and this practice must cease.</p>	<p>These payments will be retrospectively agreed in the monthly meeting - 11/07/16 (Agenda for extra ordinary meeting 27/06/16 has already been published so they cannot be approved during this meeting).</p> <p>All future invoices will be presented to the internal controls officer with full details for approval prior to the monthly meeting and all payments listed in the minutes as correct procedure.</p>

2	<p>PAYE. I am also concerned that I can see that numerous payments have been made to members of staff without any deduction of Income Tax. This is an unacceptable situation in that the Council may be surcharged for failing to ensure the correct action has been taken, I have seen no evidence whatsoever that one employee has been registered as an employee and have requested that another employees pay records be produced to me as the former employee has refused to supply the information.</p>	<p>I will chase Barbara for details of Sarah's pay as when I requested payslips from Sarah her response was 'You don't have copies of my payslips as these are for the employee only' - I will forward them for review by the auditor. The payment that was made to Sarah outside of the payroll process is being dealt with.</p> <p>I need to speak to Bert to ascertain what the council have paid on his behalf but also to ensure that he has paid the appropriate tax - clerks have legally had to be directly employed by the council for in excess of 13 years so this could be extremely significant. I will need to go through all the minutes which agree his salary for the coming year and try and work out if he has just be claiming gross pay. I will also review the last couple of years records for any payments to HMRC - obviously even if he been paying tax personally we should also have been making employer tax and NI payments.</p>
3	<p>Internal Controls. I have seen no evidence whatsoever of any internal controls activity throughout the year in question which I regard as a considerable weakness. I also note that the current Internal Controls Member is also a cheque signatory and this practice must cease, and the Council must appoint new cheque signatories as required.</p>	<p>Eileen should remain as Internal Controls officer, I will supply her with a copy of the duties and the agreed financial controls document.</p> <p>As Eileen needs to removed as a signatory we will need two more councillors to agree to step forward. <b>SP and DC agreed to become signatories.</b> It is perfectly acceptable for Eileen to have access to the bank accounts for enquiry purposes and as ICO it is required.</p>
4	<p>Purchase Orders. I have notes that a Purchase Order as required by Financial Regulations was issued to MKPA in the sum of £1000, however when payment was made on 14 September 2015 it was for £2185.26 with no evidence of any additional order. This should have been revealed by Internal Controls and is further evidence of weakness.</p>	<p>I am unable to find a purchase order for this payment - the £1000 purchase order appears to refer to 2014. I will need to contact MKPA to request a copy and forward it to the auditor.</p>
5	<p>Donation to A Perry. I have noted that a donation payment was made to A Perry for £100 and I must point out that the Council has no power to make this payment, and this must be rectified by making a retrospective Chairman's Allowance in this sum at the next available meeting.</p>	<p>This will also be rectified in the monthly meeting on the 11th July 2016.</p>

6	Budget. I have noted that whilst the Budget for 2016/17 has been discussed before making the Precept it has not been incorporated into the Minutes. Please ensure that this action is taken in the future.	The budget will be published in full in the minutes of the meeting in which it is discussed as required.
7	Minute Page Numbering. Where loose leaf minutes are kept it is a requirement that all pages are appropriately numbered. Please ensure that the past Minutes are all appropriately numbered and that all future minutes are consecutively numbered.	Page numbers will be added to existing minutes and continued going forward.
8	VAT Reclaim. I have noted that no VAT appears to have been reclaimed over an extended period and I understand that the new Clerk is investigating this. Vat reclaims should always be made in a timely fashion on at least a half yearly basis.	We need to make a decision as to how to deal with this, the auditor did mention that if we try and reclaim several years worth of VAT that this may initiate a request for a full audit of the councils invoices which may not be in our best interest at this point in time. <b>It was resolved that VAT would be reclaimed for the last six months and every six months going forward but due to incomplete records back claiming any further would not be possible.</b>

**Note:** Actions which refer to 'I' in the tables above are actions on the clerk.

The Parish Council resolved to accept all proposals presented in the tables above. Progress will be reported in future meetings.

**Meeting finished at 8:34pm**

**Next Monthly Meeting Monday 11<sup>th</sup> July 2016 – 7:30pm**

Signed.....

Dated .....

**Copies of all council papers are available on request. Please contact the clerk at least 48 hours prior to when they are required.**

Please visit our website [www.hanslope.org.uk/parish-council](http://www.hanslope.org.uk/parish-council)