

Beaudesert & Henley in Arden JPC – Internal Audit 7th September 2020

Present; Ray Evans, Bob Morgan (+ Cllr Okey by phone subsequent to the meeting)

Matters arising from IA 13th March 2020;

Financial Regulations;

1) Originally highlighted in the 5th December 2019 meeting and repeated in the 13th March meeting, the JPC's Financial Regulations still do not reflect the delegation of powers to the Finance Sub-Committee. The IA full sign off of the AGAR was conditional on these regulations being updated (re email to Clerk and Chair dated 5th June 2020). A commitment was given that approval for a revised version of the Regulations would be given at the June JPC meeting. To date no revision has been approved and the JPC continues to operate outside of its current regulations.

2) The administration of the JPC's banking has still not been passed over to the Responsible Financial Officer (the Clerk). The Government's "Governance Tool Kit" says Councillors should only act as RFOs in emergency and the role should be handed back to the proper RFO/Clerk as soon as possible. The current situation makes it more difficult for the Clerk to carry out his duties and makes accountability less clear.

Matters arising from current audit;

3) Agenda and Resolutions

Guidelines state that "it is unlawful for the JPC to make a decision, especially to spend money, without 3 clear working days' notice" – i.e. if items require resolution by a motion then that motion should be on the agenda. The guidelines also state that resolutions on the Agenda should be clear and specific. During the previous Clerk's time in office this aspect of Agenda writing became exemplary but in recent months Agenda items have become briefer and less specific and no longer meet the guidelines. Further there is a reliance on "papers previously circulated" for the detail. The Agenda states that these papers are available to the public on the web site – but they're not. Whilst it clearly

adds to the efficiency of Council meetings to pre – circulate information – particularly under Covid restrictions – any possible financial decisions should be extracted and shown as a planned resolution on the Agenda.

As an example; The Agenda for the August JPC meeting has as item 14 the discussion and approval of a budget relating to the Outdoor Gym but the agenda doesn't give any detail of monetary value. The Agenda refers to papers supplied – but they are not available on the Web site.

Turning to the meeting minutes for this item, they say “.....leaving a shortfall of £6000. Cllr Okey proposed JPC agreeable to expenditure previously discussed, Seconded by Cllr Easton. The motion carried unanimously.” The actual motion put to the meeting is not recorded. It could be approving a budget of £6000 or £60000 or anything.

Guidelines say that all proposed motions should be specific and put on the agenda and the exact wording of a motion clearly reported in the minutes. Motions not on the agenda may not be added at the meeting (other than procedural or minor amendments with no significant policy or financial impact).

4) Budget Control;

The only specific financial information published by the JPC are bank transactions. JPC Financial Regulations require that the Council review Budget v Actual throughout the year. There is no record of this happening but the Clerk has demonstrated the ability of the current IT system to generate suitable reports. This issue has been mentioned in previous IA Reports. The Clerk stated that the reports were currently available on request but would be put on the web site from September. The clerk should also ensure that the JPC review this information and record the review, either in the Finance Sub – Committee or the in the JPC meetings.

5) Expenditure Control;

Given the high level of JPC activity currently, there was a need to be vigilante in regard to expenditure controls – even if a budget is approved, orders must be placed in line with the financial regulations which require approval to place an order and further approval to make payment. The Clerk confirmed that he was strictly enforcing the regulations.

6)Newspaper Deliveries;

The Clerk was able to demonstrate that payments and receipts in respect of the “Covid Newspaper Delivery Service” had been fully reconciled and had resulted in no cost to the JPC.

7)General Power of Competence;

It was noted that, following IA advice, the JPC documents no longer referenced the General Power of Competence, this having lapsed when the JPC no longer had a qualified Clerk. Guidelines allow for the completion of actions started but not finished by the outgoing, qualifying Clerk – this enabled the JPC Grant process to continue without any S137 restrictions. It is expected that the current Clerk will be qualified this financial year but both he and the JPC should keep in mind the S137 restrictions in case, for some reason, the Clerk does not complete qualification.

8)Bank Transactions;

A number of bank transactions were checked in regard to proper authorisation and found to be in compliance. One specific transaction however was found to be problematical -on 20th July a payment of £1623.98 – notated “reimbursement”- was made to Cllr Okey. After conversations with both the Clerk and Cllr Okey, the explanation appears to be as follows;

A £5000 fund raising exercise was in progress trying to access funds from Calor and there was an additional £1000 available from Sport England if the fundraising target was met. In the event the fundraising fell short of target and so, on the eve of the closing date for the exercise, Cllr Okey put in her own money to meet the target. This resulted in the £1000 grant being achieved. Cllr Okey then asked the JPC to reimburse her. The reason Cllr Okey didn't ask the JPC didn't make the payment directly was their lack of a JPC debit card. It is not clear if a payment directly from the JPC would have been in the spirit of the Sports England grant.

The Clerk states that there was no agreement to reimburse by the JPC prior to Cllr Okey's action. There is no authority in the JPC's Financial Regulations that allows payments of this sort.

More worryingly, the payment to Cllr Okey was made without any approvals. Councillors were not asked to approve the reimbursement until 31st July – eleven days after payment.

This is a serious non-compliance and highlights the need to be able to hold the Clerk responsible for banking administration.

Note; it is understood that the Clerk will soon have a JPC Debit Card and it should be noted that all the Financial Regulations will still apply to expenditure via the Debit Card.

Bob Morgan,

Internal Auditor

10/9/20