



NORTH WALSHAM TOWN COUNCIL

Council Meeting – Monday 9th December 2024

Published: 04.12.24

Time: 18.30

Place: Cedar House, 3 New Road, North Walsham NR28 9DE

Councillors are hereby summoned to attend the above meeting of the Council.

All members of the public and press are welcome to attend and are allowed to address the Council during our Public Participation Forum (item 4) but are not permitted to take part in any of the debates.

Wendy Murphy
Town Clerk

The Council have signed the 'Civility in Public Life Pledge' agreeing no intimidation, abuse, or harassment
Councillors must fulfil the duties of the following Nolan Principles

Selflessness - decisions solely in public interest **Objectivity** - decide without discrimination or bias

Accountability - submit to scrutiny for all decisions **Openness** - give reasons for decisions made

Integrity - not make decisions for financial gain **Honesty** - be truthful & declare private interests

Leadership - promote these principles & challenge poor behaviour

AGENDA

Standing Orders: 1a-Motions shall be considered in the order they appear unless changed at the discretion of the Chair; 1p-A point of order shall identify the standing order that has been breached; 3v-'Quorate' is at least one third of the Whole Council (6); 3x-The meeting should not exceed 2hrs; 7a-A resolution cannot be reversed within six months except by a special motion; 7b-No item shall be moved at a meeting unless it is on the agenda;

1. **APOLOGIES FOR ABSENCE** - (To be recorded, the Lead Officer should be notified no later than 17:00 on the day of the meeting)
2. **DECLARATIONS OF INTERESTS & REQUESTS FOR DISPENSATIONS** - (Standing Orders: 13b-pecuniary interest; 13c-personal interest if the code of conduct requires; Councillors will leave the meeting for the item, unless a dispensation is granted)
3. **TO RECEIVE AUDIT REPORT ON FINANCIAL AFFAIRS**
Report by Eleanor Greene at Do The Numbers Ltd (in agenda pack)
4. **OPEN FORUM FOR PUBLIC PARTICIPATION**
5. **DATES OF FORTHCOMING MEETINGS**
Full Council 17th December 2024 18.30
Finance 7th January 2025 18.30
Development & Amenities 21st January 2025 18.30

Do the Numbers Limited

2nd December 2024

Wendy Murphy, Clerk
North Walsham Town Council

Dear Wendy,

Subject: Investigation into and review of Financial Controls and Procedures

This review arose from concerns by the Proper Officer of the council that controls and processes of the council prior to her employment were not sufficiently robust to prevent fraud and error.

This was exacerbated by the fact that there was a gap of several months with no appointed clerk in post and no handover process.

Scope of Review

The remit of the review was to look at all financial records and controls since April 2022 (where necessary further back on certain topics), to identify whether all spending was legitimate and to recommend changes going forward to bring the council back into best practice.

This review is not an Internal Audit for the purposes of completing an AGAR. That role is contracted to the Council's new Internal Auditor. This review complements their work and will hopefully enable the council to work better towards the year end process.

Documents and sources reviewed

Access was given to the Scribe accounting system covering the last five years and once at the office of the council, access to payroll records, bank statements, PDFs of purchase invoices and the file records for certain property transactions.

Outcomes noted

The entire control environment of the council not in compliance with good practice at the start of 2024 however it does not appear that any funds of the council were misappropriated.

Procedural changes recommended

<i>Area</i>	<i>Matter arising</i>	<i>Suggested action</i>
	<i>Accounting records</i>	
Purchase invoice retention	The Scribe accounting system allows PDF invoices or extracts of reports to be attached to every item (including	Every payment or receipt should be supported by appropriate documentation. If an invoice has multiple pages,

	salaries and pensions)	all should be attached.
Payment approval	It remains a legal requirement that payments are authorised by two councillors.	It is not required for councillors to initial invoices, but all payment listings should have evidence of being checked.
Bank authorisation	The now closed Nat West account were operated by the RFO from a personal mobile phone. This is entirely inappropriate and left the council outside the terms of its fidelity insurance.	Any mobile phone used for authorisation codes must belong to the Council and be kept in the office. Any account that allows an officer to make payments without additional authorisation by members should not be used.
Grant application	The grant application form, and several others, are published on the website as word rather than PDF leading to security warnings to electors.	All forms should be published as PDF with editing copies provided on request.
<i>Financial regulations, payments approval, VAT and auditor reports</i>		
Financial regulations	The council has adopted the 2024 model regulations and is starting to follow them. The council routinely did not follow its former regulations.	Adopting policies and then not following them – for example payment approvals and assessing of quotes – leaves the council exposed to risk in a way that it totally avoidable.
Minutes	The minutes of the council are the master legal record and must be able to stand alone in future years without reference to any website. The minute book of the council has not complied with this requirement for many, many years.	The minutes should contain all payment listings, bank reconciliations, approved accounts and budgets, policies and agreements. Minutes do not need to be bound. Retaining agenda packs with the signed minutes is good practice.
Planning comments	It would appear that ‘the council’ has been submitting comments on planning notices based on email discussions rather than properly convened meetings or an appropriate scheme of delegation to the proper officer.	Councils cannot make decisions outside of meetings for which proper agendas and minutes are kept. Please ensure that proper practices are instituted without delay.
Officer presence at meetings	On several occasions during 2023, no officers were present at meetings of the council. This is not good practice.	The council has sufficient office staff that cover should always be provided and if necessary locums hired from neighbouring towns.
GPC	The council has GPC until the next election date. The level of councillor resignations and co options currently blocks the council from renewing it.	Members and officers should work together to ensure that all parts of the GPC requirements are in place by May 2027
External auditor requirements	The External auditor requires that all variances over 15% are explained and that responses are consistent between the council and the IA. For the 2023/24 AGAR the RFO had not prepared the	In advance of the 2024/25 year end, the officers should work with the IA to ensure that all EA requirements are correctly carried out and responses are correct.

	appropriate spreadsheet and the then IA had ticked the wrong boxes.	
Internal auditor report	The former internal auditor appears not to have correctly reviewed any of the processes and systems of the council.	The council should have noticed that the IA reports referred to the Audit Commission which was abolished many years ago.
New Internal Auditor	For the current financial year the council is using a new Internal Auditor whose September Interim report has been received.	The work done by the new IA is comprehensive and clear. The council should actively seek to address all matters arising .
VAT Surcharge	During 2023 the Council did not file all of its VAT returns on time and was put onto penalty points by HMRC. This was not brought to the attention of members.	The RFO should ensure that all tax obligations are complied with and that any errors are notified to members in a timely manner. Appropriate training for the RFO may be required.
	<i>Risk assessments and insurance</i>	
Risk assessment	The risk assessment on the website does not include the changed bank accounts.	The Internal auditor will review the adequacy of the document at year end. All matters raised should be actioned without delay.
Fidelity Insurance	The IA has noted that the council's fidelity cover is insufficient.	As it will be many months until projects are completed, this should be rectified with the insurers.
	<i>Budget setting, monitoring and reserves</i>	
Nominal code structure	The nominal coding and thus reporting structure of the council is very unusual and appears designed to obscure activity areas rather than explain them.	With the support of the Scribe software team a more standard coding structure should be implemented before 1 st April 2025
Budget setting	The budget has been produced on a spreadsheet rather than within the accounting software, increasing the risk of errors.	As soon as the new coding structure is in place, the 2025/26 budget should be mapped onto it and all future reports produced from Scribe.
Budget monitoring	There is no evidence that members have been provided with timely, accurate and clear budget monitoring reports.	Appropriate reports should be made available to every quarterly finance meeting and published with the agenda.
General reserve	For a council the size of NWTC the general reserve should be of the order of 4 months of revenue expenditure.	The reserve has been consistently higher than this due to projects being delayed.
Earmarked reserves	The earmarked reserves of the council do not meet the criteria set out in the Practitioners Guide.	All should be rolled back into general reserves and then allocated on current and future projects that will benefit residents and taxpayers. It may be beneficial to carry out a survey (online) to find out what residents would like the council to focus upon.
Receipts from sale of assets	In 2019 the council sold a building to a member of staff but there is no clear record of what happened to those ring-fenced reserves.	Capital receipts are subject to strict restrictions. Clear reserves should be set up whenever this happens and equally clear records and minutes of how the funds are

	It has been asserted that £45,000 of the funds went on a grounds compound, the rest is unidentified	spent. The balance of the £118,000 should be traced and then appropriately spent.
	<i>Petty cash and cash floats</i>	
Petty cash	There is no evidence that members of the council have ever carried out proper internal control checks over the petty cash tin balance .	Now that the council has a multipay card it may be worth abolishing petty cash, but proper internal controls are essential.
	<i>Salaries and PAYE and NI controls</i>	
NJC employment terms and contracts	The contracts issued to the current staff imply that they are NJC when they are not. The contract terms for some staff are significantly better (guaranteed increment pay rises regardless of performance) than others, in a manner that is a likely breach of the Equality Act The HR advisers are currently updating all contracts.	All employees must be given comparable employment terms. The new NALC / SLCC model contract should be applied and employment rights preserved for current employees. Forcing employees to sign contracts without time to read them is extremely poor practice and must cease.
Pay scales	As a result of certain staff getting automatic increments regardless of performance, their pay bands are higher than would be expected for the roles.	When the updated contracts are issued, benchmarking of roles may be beneficial.
Pension contributions	It would appear that in previous years the RFO incorrectly calculated LGPS pension contributions such that some staff paid too little into the fund. It is unclear why this was not picked up in the end of year returns.	The RFO was not in the office at the time of this visit so no conclusion can be drawn, but going forward all payroll processing should be by properly competent and independent individuals.
Payroll processing	Wages have been processed in the office by the RFO but it appears on at least one occasion errors were made on total payments.	Wages processing should be outsourced to an experienced bureau such as Livepay which will also remove the need for the 'wages' bank account which has operated in a non compliant, non transparent manner.
Appraisals and reviews	It would appear that councillors who are not appropriately trained have carried out appraisals and reviews leading to conflict, grievance and instability in the council.	Quotes should be sought from the HR team at one of the neighbouring District Councils (not North Norfolk) to support and advise appraisals for all staff.
Officer training	The proper officer has L1 AAT and has nearly completed CiLCA. It is not clear what qualifications other members of the finance team hold. It is not clear whether all of the grounds team are up to date on Health and Safety training.	All officers should ensure that they are appropriately trained for their current role – ideally using evidenced external trainers. Grounds team compliance with Health and Safety is essential for Public Liability Insurance.
Staff absences	At the time of visit the RFO and Head groundsman were	To ensure that disagreements within the council are

	both off sick. It is understood that there are several grievances between officers and members.	defused, appropriate external mediation support, eg from Council HR should be sought.
	<i>Bank reconciliations and statement checks</i>	
Bank reconciliation	The council has not reported or minuted the balances in each bank account on a regular basis. There is no evidence that members are checking the Scribe balance summary back to the actual statement.	Every member of the council in rotation should check the reconciliation to the physical bank statements - for every account - each month.
Deposit accounts	As identified by the Chair of Finance, the council was not getting an adequate return on reserves awaiting updated projects.	The council is too large for the FSCS guarantee so should focus on maximising return in advance of spending excess reserves.
Investment policy	As the council holds more than £100,000 in its accounts it is required to adopt an investment policy.	A good practice policy such as this should be adapted and adopted.
	<i>Accounting statements and debtors and creditors</i>	
Accounting reports	The Scribe software produces clear income and expenditure, debtor and creditor reports. These have not been used for transparently reporting to members or taxpayers.	Members of the council need to ensure that they are properly informed about the actions for which they are responsible. Accurate, complete, timely accounting reports are key.
	<i>Website and FOI disclosures</i>	
Council website	A full GDPR and FOI review of the website should be carried out, removing all superseded personal information along with excess detail that does not aid transparency and accountability.	Former employees, former members and street names should be removed. AGAR records should be extended – as highlighted by the Internal auditor
	<i>Public Rights and DPI forms</i>	
Membership of committees	The council has a history of grievances and disputes and settlements to former staff that arises from a lack of proper governance and controls.	The membership of all committees should be reappointed by full council to try to avoid conflicts of interest.
Member training	It does not appear that members of the council have attended any external training on finance, planning, governance or roles and responsibilities.	It is essential for rebuilding the harmony and reputation of the council that all members clearly understand their rights, responsibilities and tasks.
	<i>Charities of which the council is trustee</i>	
War Memorial Park Charity	The council is the sole trustee of the War Memorial Park Charity . It would appear that the charity does not have its own bank account and that all of its income and expenditure has in fact been put through the council records. The sums have then been additionally reported as if they	The council should look to set up an MOU with the Charity so that all activities on the Park are accounted for in the council (including VAT which has been incorrectly allocated) systems and the Charity return reflects the reality of zero

	had gone through the Charity's own account. This double counting distorts the income applicable to the space and is a breach of Charity law and Parish legislation. The returns of the charity are also not up to date.	transactions. [this differs from the IA comment but resolves the points they raise more effectively] The annual return should also be brought up to date – as highlighted by the Internal Auditor.
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Conclusions

The proper officer has started the process of improvement.

All members and officers should engage with the process to enable the council to move forwards in a positive manner to the benefit of electors, council tax payers and residents..

Please find attached my invoice for the agreed fee.

If either you or your staff or committee have any queries or require further clarification of any points, please do not hesitate to contact me.

Regards



Eleanor S Greene ICPA