

13th February 2017

Karen Ross, Locum Clerk
Julie Cleeve, Finance Clerk
New Alresford Town Council
The Avenue, Alresford
Hants
SO24 9EP

Dear Karen and Julie,

Subject: Review of matters arising from second interim Internal Audit 31/03/17

Please find below the list of matters arising following my visit last week.

I have not included those matters listed in my December report on which progress is being made. The council will need to monitor both reports regularly to improve the governance of the council.

Control area	Issue	Recommended Action
Confidential minutes	The use of confidential minutes by NATC is significantly in excess of good practice and on occasion Ultra Vires	Contracts should never be awarded in confidential session. The names of winners and amounts are public record. Confidential minutes should only be used as a last resort, not as a matter of course.
Minute approval	There have been instances where minutes have been approved and signed despite being factually incorrect – non existent dates stated.	Members and committee chairs must ensure that the document they are signing is correct.
Resolutions	Decisions of the council are not always clearly recorded in the minutes, leading to confusion over agreed actions to be carried out by officers.	Although minutes are meant to be merely a record of outcomes, in the case of NATC, greater detail and clarity may be needed to allow the decision making process to become clearer.
Website	There is no clear system for authority over uploads to the website. It appears that members can access the back office part of the site without officer knowledge and information is not checked.	All website updates should be done from within the office. No individual should be uploading other than agreed information under the supervision of the Proper Officer. The Proper Officer should change the website password without delay.

Social Media	NATC has a Facebook page which is not under the control of the proper officer.	All social media should be managed from the office according to a published policy.
Sub-committee minutes	When the minutes of committees and subcommittees are ratified, the process is not always clear .	The date of all minutes being ratified should be stated and the minute reference of decisions thus approved given.
Expenditure implications	The council has regularly taken decisions without specifying and clarifying both the cost and the budget line from whence they come.	All capital and large items of expenditure should match agreed budget lines or be deferred until reserves are in place. All costs should be transparent.
Payment listing	It appears that the payment listing provided to Council is not a direct extract from the Sage system. This increases transposition risk and takes up officer time.	The list of invoices for payment at each meeting should be a direct daybook report from the accounting software. The payment listing should be the printout of scheduled payments at the bank awaiting submission.
Asset register	Capital items to be added to the register should be included on a risk assessed basis rather than by any fixed value.	When the register is updated in advance of the year end, a risk based approach should be taken to additions.
Risk Assessment	The risk assessment adopted by the council is not in accordance with best practice.	The council should download, adjust and adopt the BDO template and then review it every six months.
Quotations for work	It is not clear whether the council is complying with its own Financial Regulations and best practice in obtaining quotes for capital works.	Contractors who work regularly for the council remain competitive when they have to compete for extra work. The council should obtain three quotes where possible.
Councillor training	NATC has not been in the habit of requesting that Councillors are appropriately training in Chairing skills, Council finance legislation and roles and responsibilities.	All councillors should avail themselves of training opportunities to allow them to run meetings in a proper manner and improve the effectiveness of the council.
Accounting Software	The council is current limited in its ability to produce timely and accurate budget comparison and forward planning financial documents by the reporting facilities of the Sage system.	It may be worth the council converting to a system aimed at the Parish sector, such as OmegafromRBS which will cost just over £2000 to set up but will enable the council to move forwards.
External Audit Queries	The council has been subject to elector queries in the past few years and it appears that members have also contacted the external auditor without reference to the Chair or the proper officer.	The Members and officers should work together as a team to ensure that all communication is through the appropriate channels and any queries raised have a definable intended positive outcome.

HR	It appears that the council will shortly be going through a recruitment process for a new clerk. Great care should be taken that the new post holder has the experience and financial skills to allow NATC to start to think strategically.	The Members and officers should take advice at every stage of the process to ensure that the right candidate is hired into a reviewed Office and Admin structure such that NATC can develop proper forward plans for the community.
ARC Wages	It would appear that staff in the ARC are allowed to "self certify" overtime each and every week, without evidence that turnover has risen to necessitate such.	Staff should never be allowed to self certify overtime in any part of any council. Evidence of workload should always be given in support of overtime claims.
ARC profit share	The manager of the ARC is given 5% of the profit of the bar as a bonus every quarter, but losses are not recouped.	There is a clear incentive to massage the figures of the ARC so that they fluctuate. In all future employment contracts, better advice should be sought.
ARC Profit margin	The profit margin of the ARC has been under 15% for the last three years despite the fact that it pays no rent.	This is significantly below what such a venue should generate. Once the new leaseholder is in place, the subsidy of NATC admin time to the ARC can cease.

If either you or your councillors have any queries, please do not hesitate to contact me.

I will return to the office on May 17th to carry out the year end review and check the Annual Return entries and to assess progress made on the interim reports.

Regards



Eleanor S Greene