

MINUTES OF AN EXTRAORDINARY MEETING OF PETWORTH TOWN COUNCIL  
HELD ON WEDNESDAY 15 OCTOBER 2014  
IN THE TOWN COUNCILOFFICE AT 7 PM

Cllrs Present: Mr Chris Kemp (Chairman)  
Mr John Robbins  
Mr Alan Copus  
Mrs Carol Goldthorp  
Mr David Burden  
Mr Richard Chandler  
Mr Tony Sneller  
Mr Rawden Rogerson  
Dr Rosa Pawsey  
Mr Neville Fox  
Mrs Juliet Fynes

Late: Mrs Maggie South

In Attendance: Town Clerk, Mrs Rebecca Knifton  
Auditor, Mr Rob Martin

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EXCLUSION of THE PUBLIC

In accordance with the provisions of section 1(2) of the Public Bodies (Admission to Meetings) Act 1960 the press and public has been excluded from the meeting by reason of the confidential nature of the business to be transacted. Information relating to the financial and/or business affairs of any particular person (including the authority holding that information).

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The Chairman opened the meeting and requested that all members introduce themselves. It was **NOTED** that although the meeting itself had been administered under the 1960 Act, the minutes themselves would become a public document.

37/14 Apologies for absence

None but it was **NOTED** that Cllr South would be late due to work commitments.

38/14 Declarations of interest

There were no declarations of Pecuniary or non-Pecuniary interests in relation to any items included on the agenda for this meeting in accordance with **THE LOCALISM ACT 2011** and the **Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012**.

39/14 Audit Report

After an introduction by the auditor explaining that he had worked as an auditor until his retirement in 1996, he then set up his own consultancy and subsequently became a Clerk in 1998. He further spoke of his involvement with SSALC and explained that he is regularly called upon to look at problems that exist in local Councils in Surrey and Sussex. He is presently Clerk to a Parish Council near the south coast whose precept is more than £1/4m.

He explained that he had been contacted by Trevor Leggo, Chief Executive of the Sussex and Surrey Association of Local Councils (SSALC), who requested that he contacted Rebecca Knifton as Clerk of Petworth Town Council. He indicated that concerns had been expressed about the situation Rebecca had inherited and that he would like him to undertake a 'forensic examination' of the records available and to report the findings to the Town Council.

He stated that he had worked with Rebecca to carry out the investigation, but he reported that conclusive evidence had been difficult to find due to the disarray of the records, some of which appear to have been mislaid. It was further **NOTED** that there had been several Annual Returns from the former Clerk's other Council found amongst the paperwork in the office of Petworth Town Council. The Auditor also informed Members that the signed minutes from the previous year's Annual Meeting of Council from the former's Clerk's other PC had been found amongst the documents supplied to him from PTC's secure lock-up. He

advised that these should be returned to the Chairman of that Council as soon as possible.

He highlighted compliance documents such as The Governance and Accountability in Local Councils, Practitioner's Guide which were missing from the Office. It was **NOTED** that only the 2 Cllrs who had repeatedly requested training since joining the Town Council, had ever heard of the document.

**ACTION:** The Clerk to download the document and send out to Cllrs.

He spoke of concerns that the Council, in conjunction with the previous Clerk, had not administered appropriate internal audit processes. It was **NOTED** that an independent Internal Auditor had never been appointed by Council and, as stated in the 2013 Annual Town Council minutes, the previous Auditor had been a close personal friend of the former Clerk for more than 40 years. **NOTED** that the current Auditor was also a friend to the former Clerk and had not been independently appointed or voted in by the Council.

He also confirmed that in local Government, it is extremely bad practice to 'close' cheque books every ¼ due to the risk of money laundering. He explained that this may have been done due to the Council's accounts being handed to someone else to complete which had not been documented as being agreed with PTC.

He made reference to s33 of the VAT Act 1994 in relation to goods and services ordered. There had been no proper processes involved with the order of works to be carried out or for the supply of utilities and office materials as these had been ordered in the Clerk's name, with the majority of the accounts being invoiced to the Clerk's address.

He spoke of the different types of grants a Council has the power to give and it was highlighted that there had been no references to this. The Auditor asked the new Clerk whether she had a copy of the Electoral Roll and it was confirmed that the document is not in the Office.

**ACTION:** The Clerk to contact Elections to request a copy of the document in order to calculate the grants under s137 of the LGA 1972.

The issues of the misuse of the RTI system by the Council's Clerk in her role as Proper Officer and RFO by not running a payroll system had generated some underpaid tax. It was **NOTED** that further to the Auditor's correspondence with HMRC, any outstanding tax would not be the responsibility of the Town Council and HMRC will recoup the losses directly from the previous Clerk when her self-assessment is received.

A discussion took place regarding obtaining copies of the cheques paid out and receipts paid in due to incomplete accounts and missing invoices and associated paperwork. It was **NOTED** that HSBC had requested £1,700 for this service. It was **AGREED** that the Council had already had to outlay almost £1,000 in order to make sense of what was missing and that further expense would be a disservice to the tax payer.

**ACTION:** It was still **AGREED** that the Clerk will contact HSBC to enquire as to why the account had been closed down in the middle of August without a copy of the minutes and the mandate being signed by two signatories.

It was **AGREED** that the former Clerk's first name would be removed from the document and she should be referred to as the 'former Clerk'.

There was then much discussion regarding the Report and ultimately it was **AGREED** that the following amendments were made:

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Front page heading - **A REPORT ON AN INVESTIGATION INTO TOWN COUNCIL GOVERNANCE AND CONTROL PROCEDURES**

Proposed by Cllr Pawsey and seconded by Cllr Sneller. **RESOLVED.**

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Paragraph 3 a) - to be removed, leaving paragraph 3 to read:

This report deals in turn with two possible problems that were of concern:

- a) Whether the Town Councils procedures were adequate and compliant with the relevant laws and regulations, and
- b) What improvements could be made to ensure improvements for the future.

Proposed by Cllr Fox and seconded by Cllr South. **RESOLVED.**

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Paragraph 43 a) – remove the original first sentence to read:

Turning to the questions contained in paragraph 3 above, I have reached the following conclusions:

- a) The Town Councils procedures were woefully inadequate and the suggested courses of action will improve this, when they are implemented.
- b) The improvements detailed in paragraphs 41 and 42 above will bring the Town Council into the 21<sup>st</sup> Century and provide the assurance that its Council taxpayers deserve and expect.

Proposed by Cllr Goldthorp and seconded by Cllr Copus. **RESOLVED.**

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Paragraph 44 – to be reworded to say:

There are still unanswered questions, but there is no evidence of impropriety and it has been case of the former clerk not applying appropriate rules and regulations to the task in hand.

Proposed by Cllr Sneller and seconded by Cllr Robbins. **RESOLVED.**

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Paragraph 26 – to be amended to read:

From invoices for Viking and some others it is apparent that the former clerk had many things delivered to her home rather than to the office. This is inappropriate and not good practice.

Proposed by Cllr Pawsey and seconded by Cllr Burden.

**RESOLVED** with Cllr Fynes abstaining.

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Paragraph 5 – to be changed to read:

The majority of the financial papers of the Town Council were eventually produced for me to look at, in a box that had been securely stored in a Town Council container. The files turned out to be a set of docket storage packets, one for each year since the former clerk started in 2000/2001.

Proposed by Cllr Chandler and seconded by Cllr Kemp.

**RESOLVED.**

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Paragraph 24 – to be changed to read:

There are also problems with the receipt of income, particularly for allotments, because there are no receipts given detailing the debtor, the amount or the date received and whether the receipt was by cheque or cash. It is therefore impossible to tell whether all cash and cheques received were banked promptly.

Proposed by Cllr Robbins and seconded by Cllr Pawsey.

**RESOLVED.**

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Paragraph 12 – confirmed by the Auditor that all Council employees should be on a payroll system.

The paragraph should read as follows:

The next area of concern was that of the **Payroll** evidence:

- The only employee on record is the Clerk. The payments to the Assistant Clerk are made as though she was self-employed, which is contrary to the regulations brought in by HMRC a number of years ago. The Assistant Clerk should have been paid as an employee and properly accounted for.
- The only payroll evidence available was that contained on the hand-written P11's for each year those being records of the salary payments and deductions supporting the payments of Tax/NI made to HM Revenue & Customs (HMRC). P11's also provide the data from which the end-of-year P35 and P60 forms are based.
- Since April 2013 it has been essential to report this information in an ongoing way by means of the HMRC Real-Time Information (RTI) system, with penalties being charged for those employers that do not comply. RTI information has to be sent directly to HMRC monthly before the 19<sup>th</sup> of the following month.
- There are no copies of the P35 for the year, no copy P60s for the Clerk and no copy payslips on file. There is no record that the end-of-year processes have been undertaken at all. Indeed, the RTI system on the computer has not been closed for the last year, making it impossible to undertake the necessary tasks for the current year without the HMRC allowing a new start, which they have done.
- The payments to the clerk have not been supported in the file with anything other than a piece of paper with an amount for the salary and upon which the cheque number and date are written. This is added to expenses outlaid by the clerk which are usually supported by receipts for them.
- It is a legal requirement for the RFO to account for all salaries, including the Assistant Clerk (for which there is not even a claim form or invoice), to provide each employee (including themselves) with a payslip and properly account for the deducted Tax/NI to HMRC. None of this has been done.

Proposed by Cllr Fox and seconded by Cllr Chandler.

**RESOLVED.**

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Paragraph 27 – Cllr Fynes wished to explain this paragraph:

The first cheque drawn in the year (103701) was for cash for the delivery of Petworth Pages, which is not the correct way to account for this type of expenditure.

It was explained to Cllr Fynes that when a Council makes a cheque out to cash, there is no guarantee whether that money has been properly accounted for. This was had been highlighted and compacted by the lack of accompanying paperwork to this effect.

Proposed by Cllr Kemp and seconded by Cllr Chandler that paragraph 27 should remain.

**RESOLVED.**

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Paragraph 38 to read:

Petworth Town Council has not organised its financial affairs to a level that its Council Tax payers deserve and should expect. The councillors have allowed the Clerk to run the financial, and probably other, procedures without sufficient effective oversight. Whilst it is important to allow a Clerk to run Council affairs, the point of having the overall regime of governance laid down by the GALC guide and the allied Annual Return statements is to avoid the current situation from happening.

Proposed by Cllr Pawsey and seconded by Cllr Sneller.

**RESOLVED**

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Paragraph 16 to read:

What this means is that Petworth Town Council, through its RFO, has underpaid tax to HMRC amounting to at least £6,000, and probably more. In addition, the year-end returns to HMRC are incorrect something I have a duty to report to HMRC, which I have done. I have been informed that, despite the incorrect returns, the HMRC position is that following the picture I painted of the current position, Petworth Town Council will have been deemed to have done all it could in the circumstances and no further action will be taken. Any money still owed, will be collected by HMRC from the former clerk as part of the self-assessment process and will not be due from the Town Council.

Proposed by Cllr Fox and seconded by Cllr Goldthorp.

**RESOLVED.**

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**ACTION:** It was **AGREED** that the Council must decide whether to make the full document available in the public domain and therefore this matter must be voted on under the last item on the agenda for the full Council meeting to be held on 16 October 2014.

Meeting closed – 9.33pm

Signed.....  
Chairman