

Minutes of the Penton Grafton Parish Council meeting held on Tuesday 14th March 2017 in the Committee Room, The Fairground Village Hall at 7.30pm.

Present: Cllr Mr G Light – Chairman
Cllr Mr J Marsh – Vice Chairman
Cllr Mrs J Osborne
Cllr Mrs P West
Cllr Mr P Carter
Richard Waterman – Parish Clerk
Borough Councillor Mrs P Mutton
County Councillor Mrs Z Brooks
Member of the Public – Mrs R Smith

Apologies: Cllr Mrs H Carter and Borough Councillor Mr Phil Lashbrook.

WELCOME.

The Chairman welcomed everyone to the meeting.

DECLARATION OF INTERESTS

Cllr Mrs J Osborne declared an interest in the Cottage Charity and the Fairground Hall.
Cllr Mr P Carter declared an interest in the Fairground Site and the Allotments.

MINUTES OF THE PREVIOUS MEETING

The Chairman then signed the minutes of the previous meeting as a true record.
Matters arising from those minutes:

SOUTHERN WATER - The Clerk reported that one recent Friday Morning there was a very bad sewage smell in the area of the Village Hall. This was reported to Southern Water at 9am, the clerk received a telephone call at 9.45am informing him that an engineer would be despatched. Clanville Drintech were contacted to check the drains on site, the drains on site were all clear. Southern Water contacted the Clerk again by text to inform his that they had a major incident that they were dealing with elsewhere in Hampshire and would be on site as soon as they could.

The Clerk received regular text over the next 36 hours and they eventually turned up at 9.45pm on the Sunday Night. Fortunately, there was no blockage and the sewage smell did disappear after a few hours. The Clerk spoke again to Southern Water after the event and was told that if a sewage leak had been reported they would have logged this a high priority and would have been on site within the hour, as it was a bad smell it was logged as a lower priority.

The Clerk felt that being kept informed by text of progress of the visit was an improvement in their service.

SECURITY LIGHTS FAIRGROUND SITE – The security lights on the site have been upgraded and are all working.

HIGHWAYS – Highways have carried out the work on the pavement to Millway House.

PLANNING

17/00269/FULLN – Alterations to conservatory to form flat roof and render walls – 24 Rectory Place, Weyhill. – NO OBJECTION.

17/00464/TPON – Beech Tree - Cable bracing and reduction in crown volume and height by no more than 2.0m – 5 Lodge Drive, Weyhill – NO OBJECTION.

17/00494/FULLN – Construction of 3 dwellings and associated external works; new vehicle access to highway and alterations to adjacent lay-by; demolition of existing attached garage and formation of new turning/parking area. Linwood, Weyhill Road. The Chairman declared an interest being a neighbour and made no comment.

The Parish Council OBJECTED to this planning application on :

- Additional vehicles on to the A342
- The Current speed 40mph limit on the A342 through Weyhill needs to be reduced to 30mph.
- Awkward entrance
- Bad site lines
- Volume of traffic on the A342

CIC INVESTIGATION REPORT.

Cllr J Marsh reported on the CIC Audit and read out a statement he had prepared. The Parish Councillors were all given a copy of this report and a copy of the report from Mr Tim Light. These reports will be attached the minutes and displayed on the Web Site and Notice Boards. (Report attached at bottom of this document)

The Parish Council agreed to proceed with Cllr J Marshes recommendations. Cllr Mr J Marsh and Cllr Mrs J Osborne were authorised to interview CIC Directors and others concerned with the running of the CIC.

FINANCE

PENTON GRAFTON PARISH COUNCIL
Financial Position 14th March 2017

Lloyds TSB Current Account	£ 431.99 (28/02/17)
Premium 10 day Account 1.5%	£ 26,491.53
	<u>£ 26,923.52</u>

PAYMENTS - February and March 2017

R.N. Waterman	Administration – Standing Order - February	£300.00
R.N. Waterman	Administration - Standing Order – March	£300.00
Aviva	Insurance	£998.18
Lloyds	Bank Charges	£24.25
TVBC	Flashing Speed Sign Maintenance	£425.00
PMPC	Neighbourhood Watch	£40.00
Ewe and I	Refreshments - Audit	£15.40
McAfee	Computer Internet protection	£62.99
Michelle Shill	Web Site administration	£71.25
		<u>£2,237.07</u>

INCOME

Village Hall Insurance £1,200
Cottage Charity Hire of Office £1,200

VAT REFUND

Applied for £6,905.62

PENTON GRAFTON PARISH COUNCIL SITE FINANCIAL POSITION - February and March 2017

Income	£
Utilities	225.20
Rents February and March	7,645.00
Refund Village Hall	166.18
	£9,605.67

Expenditure	£
Sheep Shed Gallery	800.00 (Feb & March)
RNW Site Management Fee	600.00 (Feb & March)
Caretakers Charge	416.00 (Feb & March)
Maintenance/projects and repairs	3,277.00
Electricity	1,063.80
Water Rates	220.60
Site Cleaning	160.00
	£6,537.40

CHEQUES ISSUED IN February and March 2017

	£	
Mr R Homewood	Light Bulbs	6.00
Clanville Draintech	Sewage Pump Service	197.00
Mrs J Ferguson	Obelisks	278.78
Travis Perkins	Supplies (VH £166.18)	263.54
DJ Harris	Water Heater NB	276.00
Atwood Electrical	Replace Lights	233.64
R.N. Waterman	Expenses	86.04
Lightatouch	CIC Investigation	600.00
Mr B Pearce	Painting of site toilets	1093.00
Input Joinery	Repair Tearoom door	243.00
		£3,277.00

BANK ACCOUNT BALANCE 28th February 2017 - £5,550.53

ALLOTMENTS

The Clerk reported that there are now three vacant allotments. The Clerk will now ask Mat Townsend to rotavate and cover the vacant allotments. Tony Burden will make good the hardcore base as soon as the weather improves.

COUNTY COUNCILLOR MRS Z BROOKS

Cllr Mrs Z Brooks reported that everything is quiet at HCC in the lead up to the County Elections in May. A planned meeting with TVBC and HCC to discuss the barred routes in relation to the Goodman's site unfortunately was cancelled, another meeting will be arranged.

BOROUGH COUNCILLOR MRS P MUTTON

Cllr Mrs P Mutton spoke about the Ward Boundaries and the proposals to put the Pentons in the same ward as Charlton. It was felt that Penton Mewsey and Penton Grafton will lose their identity if they are put in the same ward as Charlton and will end up being a suburb of Andover. Letters have been sent to the Boundary Commission on this matter.

COUNCILLORS' REPORTS

CLLR MRS J OSBORNE – Reported that there has been another bad accident at the Weyhill Bottom crossroads, this was the 3rd in three weeks. It took the Police 55 minutes to attend the crash and a driver had to be cut from the wreckage.

Cllr J Osborne felt that something needs to be done and suggested that the 'Give Way' signs are replaced by 'STOP' signs. The Parish Council discussed this junction at some length and agreed that something needs to be done. Cllr J Osborne reported that 25-30 HGV's use the Weyhill Bottom junction every day, she also felt that the sight lines are good and a lot of the accidents are driver error.

Cllr Mrs Z Brooks was asked to highlight the problems with this junction to Road Safety Central Division in her role as Hampshire County Councillor. Cllr Mrs Z Brooks agreed to do this.

Cllr J Osborne reported that the Environment Agency working with Highways have dug out all the ditches from Weyhill Bottom through to Clanville, however they have not cleared the culvert behind the barn to the pond.

Mrs R Smith asked if the ditches through Clanville to the County Border could also be dug out? The Clerk will contact Highways to put in a request.

CLLR MR P CARTER – Reported that the ground cover planting on the footpath from Casterbridge Lane to the entrance to the Fairground Site is still covering the path and needs clearing. The Clerk will organise for this to be done.

Cllr P Carter spoke of a recent incident involving a delivery van speeding on the Fairground Site, when Cllr P Carter tackled the driver he refused to slow down and gave verbal abuse. Speeding on the Fairground site is a major problem. The Parish Council Agreed.

CLLR J MARSH – Reported that the burned-out car in Penton Grafton has now gone and the site cleared of debris. The road repairs in the Grove have also been completed.

FAIRGROUND SITE MAINTENANCE

The Clerk reported that the hand rails are now in place and Joanna Ferguson is to start planting out the new planters. The Clerk reported that two of the new planters have already been hit and that he has asked Tony Burden to price up to install metal barriers like the ones already installed. Quotes for the car park are in hand.

The Parish Council briefly spoke about the problem of cars speeding on site and large HGV's using the car park to turn around, thus damaging the surface. Cllr P West suggested that a working party be set up to look at the various problems with the Fairground Site car parking, speeding and access.

The Chairman, Cllr P West and Cllr P Carter will form the working party.

The Clerk showed the Parish Council designs for additional sign for the Fairground Site. A hanging sign with an arrow indicating the direction of the Tea Room and Gallery to be site opposite the Parish Office £245. Large lettering to be placed on the end of the Village Hall that can in time be lit – FIRGROUND CRAFT CENTRE £1300. The Parish Council agreed to proceed.

The Clerk reported that design work is being undertaken to produce a new leaflet for the site.

MEMBERS OF THE PUBLIC

Mrs Rhonda Smith reported that Footpath Finger Posts are missing at St Margaret's and Soper's Bottom. Cllr J Osborne noted this.

DATE OF THE NEXT PARISH COUNCIL MEETING

9th May 2017 - Parish Council Meeting AGM

CLOSE OF THE MEETING.

The Chairman thanked everyone for coming and closed the meeting.

Fairground CIC Audit – report to PGPC

A: Tim Light's report

We have now received a second report from Tim Light, a copy of which is attached.

An initial investigations report was prepared for Penton Grafton Parish Council on 7th September 2016 and was presented to the Parish Council on 13th September 2016.

Tim Light states in this latest report that "...the Parish Council considered the original findings and requested that further analysis of the expenditure transactions be undertaken. It was agreed that the Parish Council should therefore commission a further piece of work. "

This statement does not tie in with my recollection since I do not recall restricting the further investigations to expenditure alone.

At our first meeting with Mr Light, I gave him a list of those items I thought should be investigated:

1. May we have sight of the M & A's and Standing Orders - procedural and financial
2. May we have sight of the Annual Accounts from the inception of the CIC?
3. May we have a list of all those who have been directors and their responsibilities together with the dates during which they served?
4. Dimensions of task (e.g. number of documents)
5. Type of accounting system (e.g. SDB, PDB, Cash Analysis Book, Petty Cash Book, computerized system, etc.)
6. Who was responsible for maintaining accounting records? If more than one, the dates during which the relevant people were responsible.
7. Any missing bank statements
 - a.access to online banking records
8. Any missing cheque books
 - a.out of sequence cheques
9. Estimate of the number of other missing records and documents (ball park figure)
10. Use of computer records
 - a)missing computers
 - b)missing records
 - c)any data kept on Directors' personal computers
 - d)any data kept on removable media
 - e)any computer or computer equipment purchases and current location(s) of same or evidence of disposal

11. List of items purchased, cross-referenced to Board Meeting decisions
12. A breakdown of rental income, cross-referenced to leases and deposits and changes (increases and/or decreases) in the rent
13. Position regarding Corporation Tax – HMRC’s likely approach, if any
14. Legal position regarding retention of records
15. Legal position and responsibilities of Directors in relation to a CIC
16. List of assets purchased at the inception of the CIC
17. List of assets on hand when the CIC was closed down
18. Position re VAT
 - a) registered?
 - b) if not registered, should it have been registered
 - c) if not registered, and should have been registered, likely penalties and arrears of VAT
19. CIC website - <http://www.fairgroundcraft.co.uk/default.asp> why was this set up when the PC website contains all the relevant and up to date information?
 - a) The © dates are 2007-2015 – the latter date being after the CIC was wound up.
 - b) This website should be taken down or mention of CIC removed.
 - c) The domain name (co.uk) is only appropriate for a commercial operation. It should be org.uk

Mr Light agreed that this represented ‘a good starting point’ and should be ‘retained as an aide memoire’ However, he has confined himself to doing a book-keeping exercise on expenditure only and he provided Councillor Osborne and me with a spreadsheet that listed some of the bank account transactions. I suspect that he only worked from chequebooks and did not ask the bank for copies of statements since there are no Standing Orders or Direct Debits shown. No analysis of the spreadsheet had been undertaken.

I undertook an analysis of the data in the spreadsheet which revealed that:

- Total expenditure was: £374,732.42
- Details where evidence of purchase or service can be identified on cheque stubs was £122,759.31 – this represented 67.24% in terms of value and 57.89% in terms of transactions count
- Unable to identify sufficient information of purchases and services from cheque stubs was £251,973.1131 – this represented 32.76% in terms of value and 42.11% in terms of transactions count

To sum up, I am of the opinion that Mr Light was not the right person to undertake this investigation. He has adopted a bookkeeper’s approach rather than a forensic accounting approach and he ignored my suggestions. I do not feel that we have received value for money. Nevertheless, I recommend that we settle his bill since failure to do so might result in protracted wrangling and could end up in court.

Unfortunately, this leaves us no further forward than we were in September 2016.

Mr Light's recommendations are:

We recommended that the Parish Council should consider the outcome of this investigation with a view to:

- confirming it is satisfied to seek closure on the uncertainty of the CIC activities from the outcomes of the two investigations, but publish that due to a lack of financial control and clear transparency the Parish Council agree the CIC should have been better controlled and better scrutinised so that openness to its Parishioners and Stakeholders was embedded in its activities of operation.

or

- further investigation should lead to report this to a Higher Authority.

and

- the findings of the investigations should be published to ensure transparency to all its stakeholders.

B: My conclusions

- a) If we don't investigate further, we might be viewed as being less than open and protecting people from public scrutiny; and
- b) if we decide to investigate further, we are open to accusations of undertaking a witch hunt.

What do we hope to achieve?

If we hope to bring those responsible to account, we will need to undertake further investigations by an independent forensic accountant (with an associated cost).

There is no guarantee that any evidence will be found.

We also need to consider what we should do if evidence of malfeasance is found. In such circumstances, would we be prepared to recommend that the police proceed against them?

If we hope to demonstrate that the current members of this Parish Council believe in being open and transparent, then a report outlining the difficulties of obtaining evidence and recommending that a line be drawn under it should suffice – but may not deflect allegations of a cover up as mentioned above.

Interim Conclusions

- a) The failure of the directors to maintain proper accounting records is quite probably a criminal offence. At best this can be viewed as negligent behaviour and my personal view is that those responsible are not fit and proper people to hold public office.
- b) The lack of proper records means that the Corporation Tax returns submitted are likely to be inaccurate. Should HMRC get wind of this and decide to investigate, criminal proceedings would be possible (although they might just impose a fine). There is normally a six year 'statute of limitations' for tax investigations but in cases of fraud, they can go back ten years.

c) Most of the problem transactions occurred between 2007 and 2012. However, it could be argued that since the earliest transactions fall out with the six year rule [see b) above], we should not be looking at them.

C: The way forward

My background is in forensic accounting as part of tax fraud investigations when I worked for HM Customs and Excise (as it then was – now HMRC) and I admit that the lack of information makes it difficult to draw any hard and fast conclusions about the way the CIC was managed and how public money was spent.

I therefore recommend that Councillor Osborne and I be authorised to interview CIC Directors and others concerned with the running of the CIC and also be authorised to obtain copies of bank statements from the bank. I am aware that this proposal could be viewed as compromising the independence of the enquiry and therefore I decided to discuss it with Roger Tetsall, TVBC's CEO. His view was that this would help Councillor Osborne and me to better understand how the CIC operated.

I would add here that I have no axe to grind. Many of those I would like to interview are not known to me.

One way of reinforcing the independence of such further investigations might be to invite a Councillor from another local Parish Council, a Borough Councillor or the TVBC Internal Audit or input into any report. It might prove useful if such a person could sit in on any interviews.

Richard Waterman has provided me with a folder full of documents relating to the CIC. I have given it only a cursory look since I do not wish to expend anymore time or energy without the Parish Council's endorsement.

Councillor Julian Marsh

Endorsed by Councillor Jacque Osborne.

14th March 2017

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Tim Light – trading as LIGHTATOUCH INTERNAL AUDIT SERVICES

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23 February 2017

The Chairman

Penton Grafton Parish Council

The Parish Office

Weyhill

Hampshire

SP11 0QN

Dear Sir

Community Interest Company – Financial Management Investigation

Introduction

An initial investigations report was prepared for Penton Grafton Parish Council on the 7 September 2016. This was presented to the Parish Council on 13 September 2016.

The Parish Council considered the original findings and requested that further analysis of the expenditure transactions be undertaken. It was agreed that the Parish Council should therefore commission a further piece of work.

This was to determine whether payments made by the Community Interest Company gave sufficient evidence that decisions made by the Directors, to pay for goods and services could be matched to the Directors Minutes. A small Parish Council Working Party (Jacque Osborne and Julian Marsh) was established to set the scope of this work. It was agreed that:

- a complete analysis would be carried out of all cheque payments made by the Community Interest Company from its inception in 2007 until it was wound up in 2015.
- This work was carried out between November 2016 and January 2017.

A visit was made to the Fairground Craft and Design Centre site on the 30 November 2016 to obtain all the cheque books and bank statements for the 5 year period in question that the Community Interest Company was trading.

- It was noted that not all of the cheque books and bank statements were available and this was reported to the Working Party on 2 December 2016.
- Bank statements from 7 Dec 2007 to 24 March 2015 (statement numbers 1 to 264) for the Nat West Bank current account were found but some bank statements no 265/266/267 were missing that would complete the set before the bank account was closed. A further bank statement was obtained from

Pauline Foster no 268 dated July 2015 which indicates that the bank account was closed on the 12 July 2015 with a Nil balance.

- Jacque Osborne was asked if she remembered if the Administrator sent information to close the account and to distribute balances plus whether there may be some further evidence of the amounts spent between March 2015 and July 2015 where statement no's 265/266/267 were missing. Confirmation was obtained that she had been notified that £9 312 82 was being paid into the Fairground Hall bank account and was credited on the 12th July 2016.

Findings from the investigation:

- We checked all of the cheque details from number 1 to 1450 for the period 7 December 2007 to 15 March 2015. We analysed these and details were recorded on an excel spreadsheet and these sent to the members of the Working Party on the 22 January 2017. We recorded where available the details of name of payee, amount of the cheque payment and the reason for payment.
- It was clear that some of the information could not be established on the cheque stubs either because of a lack of details, or that the information written out was unclear and the details could not be read.
- It was noted that a small number of the payments made could be checked to decisions taken by the Directors and were checked to the Minutes of Directors meetings but the significant majority of payments made could not be found to be recorded in the Minutes of the Directors meetings.
- There is a lack of evidence or supporting papers to establish the reason for some payments made for goods and services although it was agreed from our initial discussions with the Administrator that these were received or used in the course of its activities.
- A further meeting was held to discuss the results with the Working Party on the 25 January 2017. We are grateful to them for providing further statistical data to indicate that:
 - Total expenditure: £374,732.42
 - Details where evidence of purchase or service can be identified on cheque stub £122,759.31
 - Unable to identify sufficient information of purchases and services from cheque stubs £251,973.11

Audit Opinion

From the evidence provided for this further investigation, the opinion remains that:

- from the records available, and due to incomplete records and a lack of documentary evidence to support the purchase of goods and services that any firm conclusion can be drawn that misappropriation took place.
- the lack of evidence has led to concern that any outcome from the investigation will not provide a satisfactory result as many unanswered questions remain.
- due to the timescale involved and the validation of decisions taken some 5-10 years ago it is likely that information obtained as hearsay can no longer be trusted as evidence.
- due consideration should be taken into account that any further investigation reported to the Police, Press or higher Authority might damage the reputation of the Parish Council.
- conflict may arise with individuals who dispute any wrong doing due to the lack of evidence available.

Recommendations

We recommended that the Parish Council should consider the outcome of this investigation with a view to:

- confirming it is satisfied to seek closure on the uncertainty of the CIC activities from the outcomes of the two investigations, but publish that due to a lack of financial control and clear transparency the Parish Council agree the CIC should have been better controlled and better scrutinised so that openness to its Parishioners and Stakeholders was embedded in its activities of operation.

or

- further investigation should lead to report this to a Higher Authority.

and

- the findings of the investigations should be published to ensure transparency to all its stakeholders.

This letter report should be noted and taken to the next meeting of the Parish Council to inform them of the investigation work carried out. The details of this Internal Audit Report Letter should be also be minuted by the Parish Council.

Yours sincerely,

Tim Light FMAAT

Internal Auditor