



PAYMENTS - August and September 2016

R.N. Waterman	Wages – Standing Order - Aug	£300.00
R.N. Waterman	Wages – Standing Order – Sept	£300.00
Aviva	Insurance	£562.05
Michelle Shill	Web Site Maintenance	£112.50
Unicome	Telephone/Broadband	£114.62
		<b><u>£1,389.17</u></b>

Money In - 2<sup>nd</sup> Half of Precept £4,900

SITE FINANCIAL POSITION - August and September 2016

<b>Income</b>	£
Utilities	274.39
Rents June and July	7,645.50
	<b>£7,919.89</b>

<b>Expenditure</b>	£
Sheep Shed Gallery	800.00 (Aug and Sept)
Clerks Wages	600.00
Caretakers Wages	416.00
Maintenance/projects and repairs	12,344.57
Electricity	863.88
Water Rates	198.20
Site Cleaning	180.00
	<b>£15,402.65</b>

CHEQUES ISSUED IN AUGUST AND SEPTEMBER 2016		£
Hawk and Trowel	Deposit	£3,120.00
Flowright	Materials	£3,000.00
Mr M Graham	Painting Internal and Back Wall	£500.00
E Virgo	Window Cleaning	£40.00
Ewe and I	Footwell Mats	£76.62
Clanville Draintech	Sewage Spill	£3,015.54
Travis Perkins	Materials	£164.15
Hawk and Trowel	Balance for Wall	£1,710.00
HCC	Supplies	£118.26
Tim Light	Audit CIC	£600.00
		<b>£12,344.57</b>

BANK ACCOUNT BALANCE 31<sup>st</sup> August 2016 - £10,810.30

VAT to be claimed - (1<sup>st</sup> April - 31<sup>st</sup> August 2016) - £1,302.91

**C.I.C. – FINANCIAL MANAGEMENT INVESTIGATION**

The Clerk read out the report on the Management of the CIC, a copy was given to those present. This report will be displayed on the notice boards, put on the web site and attached to the master copy of these minutes.

The Parish Council discussed the report and the majority agreed that further investigation is required to bring this matter to a conclusion.

- Cllr Mr J Marsh and Cllr Mrs J Osborn will take this matter forward as the others Councillors all have connections with the CIC.
- The Clerk will assist if needed but asked not to be involved with the further investigation due to his role on the Fairground Site.
- The Parish Council would like some idea of the cost of the further investigation.
- The Clerk will contact Mr Tim Light to instruct him to proceed and to forward on the contact details of Cllr Mr Marsh and Cllr Mrs Osborne.
- The Clerk will ask Wendy Atkinson for a list and contact details of the past CIC Directors.

### **ALLOTMENTS**

The Clerk reported that there are three allotments that will be changing hands. Work on installing the pipework for the water is due to start week beginning the 26<sup>th</sup> September 2016.

### **BOROUGH COUNCILLOR MRS P MUTTON**

Cllr Mrs Mutton was disappointed that Cllr Mrs Z Brooks was not present as there were questions and clarification she wished to ask on the impact of the proposed devolution route.

- It is thought that TVBC will go if HCC go down the devolution route and more responsibilities will be forced onto Parish Councils.
- Questions need to be asked on the impact devolution will have on the borough staff how many will lose their jobs, the cost of voluntary redundancies as many were long serving and the effect on the local job market. How would the staff be consulted also timescale as to when will it happen?
- Will it be before the next County Election, next year as the number of HCC Cllrs will be increased also how will the elections be handled as Test Valley manage the election counting procedures, what will happen to buildings and resources who will take those over.
- Also if the boundary review will be in place with reduction proposed of one Cllr for Penton Bellinger so Borough Cllrs will reduce and HCC Cllrs increased.
- There needs to be some clear information made available.

Cllr Mrs P West stated that she wrote to HCC as member of the public prior to being co-opted on the Parish council, as she felt the way the consultation was not open and transparent as the average member of the public would not go onto the county council web site to fill in the consultation paper. Also the timing was not good as HCC Cllrs do not work through August so no information could be circulated to parishes prior to the meeting of chairman which was a day before the consultation closed.

Also the original devolution paper would have to be amended as there is a proposal for HCC to be a unitary like Wiltshire the date of the end of the consultation did not allow time for parish councils to consider the implication also where residents will need to go for services like planning, housing, environmental health if Test valley council goes will it be Winchester or even Eastleigh.

But the difference would be crucial as not all of Hampshire would become unitary if the Solent part of the county join up with. Southampton and Portsmouth city councils plus. East. Hants. Borough. Council forming the Solent area all very confusing so it would be helpful for clarification also time scales for this to happen also the impact on the next year's election as extra Cllrs would have be recruited so would this be an extra election cost. It would be helpful to hear the proposals and time frame

Cllr Mrs P Mutton stated that she was attending a funeral at Weyhill Church and asked for permission to park on the Fairground Site. The Chairman gave permission.

Cllr Mrs P Mutton reported that highways repairs are still on going and asked if there were any questions? Mr T Burden asked why large HGV's are using the route by the Church as there are signs stating that there is a 7.5ton weight limit. Cllr Mrs Mutton reported that she knew that Highways have been informed of this, but unfortunately it is not policed.

Cllr Mrs P Mutton reported that the New Mobile Post Office will be calling at: Weyhill Nurseries Car Park on a Wednesday 14.45 – 15.45pm and Thursdays 15.00 – 16.00pm.

### **COUNCILLORS' REPORTS**

CLLR MRS J OSBORNE – Reported that she had received an email from a resident in Rectory Place regarding an overgrown tree at the bottom of his garden and his concerns that it would soon block his reception for his satellite dish. The resident has stated that the tree should have been cut back when the Parish Council had the footpath cut.

Cllr Mrs Osborne reported that she visited the Gentleman and looked at the tree that is actually growing in his garden and the footpath, that has been cut back and there was no growth on the footpath side of the fence. Cllr Mrs Osborne informed the Gentleman that she did not think it was the Parish Council's responsibility as the tree in question is growing in his garden.

Councillor Mrs P Mutton thought that Neighbour Care might be able to help with this issue and she would liaise with Cllr Mrs J Osborne.

CLLR MR J MARSH – Spoke about helicopters flying over his property and his correspondence with Cllr Mr P Lashbrook. He felt that his complaints were falling on deaf ears. Cllr Mrs P West stated that the CO of Middle Wallop holds an annual lunch for Local Farmers and Parish Councils and she will enquire if Cllr Mr Marsh could receive an invite.

CLLR MRS P WEST – Spoke about the proposed devolution and her concerns for the future if this goes ahead, we will lose the local administration and services as TVBC will go. Everything will be dealt with at Winchester.

### **FAIRGROUND MAINTENANCE**

CHALK WALL – The Clerk reported that when Mr Morrell the TVBC Building Control Officer visited the site he had mentioned the proposed treatment to the wall and he was happy with the planned work. Hawk and Trowel have completed the repairs to the wall and it has received three coats of the waterproof paint.

SITE REFURBISHMENT – Mr T Burden gave the Parish Council and up-date on the site refurbishment.

The Clerk reported that Mr Morrell the TVBC Building Control Officer had visited the site with members of the Parish Council to look at the proposed soakaway planned in the barn. Mr Morrell was not happy with the soakaway being site in the barn and identified another site for the soakaway, otherwise he was happy with the planned work. Confirmation was received in an email after the visit.

Soon after the meeting Mr T Burden identified that the existing soakaway was adequate to take all the surface water and plans were put in place to utilize the existing soakaway. The Clerk informed Mr Morrell and he thought this a good compromise.

SEWAGE SPILL – The weekend before the August Bank Holiday the site experienced a bad sewage spill caused by a blockage further up the sewage system, raw sewage did enter Unit 6. Again the Parish Council had to sort this out and pay the clear-up bill. The Clerk is to organise a meeting with Southern Water and has liaised with Clanville Dra Intech asking them to advise on how the Parish Council could minimise the disruption to the units.

Cllr Mr P Carter reported that the Environment Agency and Southern Water were called out during the flood. The Southern Water representative thought that the problem was their responsibility, this has not been confirmed in writing!

Cllr Mr P Carter suggested that the Parish Council need to check their legal responsibility regarding raw sewage spills on site. This was noted and will be investigated.

Mr T Burden stated that the gravel channel between the units and the path is deep enough to take a drainage channel, this could be gridded and linked using the natural fall of the site to a soakaway past the run of units. This would with the dispersal of surface water during heavy rain and if there was another sewage spill. This was thought a good idea and will be explored.

Work is needed on the two manhole covers at the entrance to the site, Mr T Burden will do this job.

The Clerk will keep the Parish Council informed of progress.

TEA ROOM – The Clerk read out a letter from Mrs Sue Jones requesting the Parish Council to look favourably on a rent rebate for the tea room during the building works to compensate for the impact this has had on her trade. Mrs Jones stated that this is not a criticism of Tony or his work, He has been polite and friendly to customers who have wanted to talk to him about the work he doing and he has done what he can to minimise mess and noise.

The Parish Council discussed this request and agreed to a rent reduction during the time of the building works. The Clerk was asked to liaise with Mrs S Jones.

Cllr Mr P Carter reported that Ron Caddy has still not got his flood barrier back and work on painting the outside of units 8 and 9 has not started.

**STANDING ORDERS**

No news to report. The Clerk will put standing Orders on the Agenda for the November Meeting.

**CLOSE OF THE MEETING.**

The Chairman thanked everyone for coming and closed the meeting.

**DATES OF THE NEXT MEETING - 8<sup>th</sup> November 2016**



**Tim Light – trading as LIGHTATOUCH INTERNAL AUDIT SERVICES**

7 Hodder Close, Chandlers Ford, Hants, SO53 4QD. Tel: (023) 8026 6622. Email: Tim.Light1@hotmail.co.uk

**1st Draft**

**7 September 2016**

**The Chairman**

**Penton Grafton Parish Council**

**The Parish Office**

**Weyhill**

**Hampshire**

**SP11 0QN**

**Community Interest Company – Financial Management Investigation**

**Introduction**

At the request of the Penton Grafton Parish Council it was agreed that the Parish Clerk should commission a financial management investigation in to the Fairground Craft and Design Centre site during the time it was operating as a Community Interest Company (CIC) which was a private limited company (limited by guarantee) from 25 October 2007 to 15 January 2015. This request was based on its uncertainty that the CIC had sound financial management to make its decisions and that money had not been wasted during its time of operation. The Parish Council were looking to ensure that no misappropriation had taken place during the time of trading.

The Parish Council had agreed that it should not be seen as “trading” and making any profits from the ownership of the Fairground site so a Community Interest Company was formed to continue running its activities independently.

The Community Interest Company (CIC) set out its Objects in Memorandum and Articles drawn up at its inception which was to:

Carry on activities which benefit and in particular:

- Provide economic studio workshop accommodation for the development of individual craftsmanship and to encourage education participation in arts and crafts through lessons, workshops and demonstrations by both resident and visiting craft workers.
- To provide gallery space for exhibiting work by established artists and emerging talent from North Hampshire and the South East Region generally.

Lightatouch was asked to carry out an investigation into its activities during the time of operation and a visit was arranged to the Parish Offices on the 19 July 2016 to confirm the scope of the investigation with the Parish Clerk.

It was agreed that the scope of the investigation would confirm that:

- the CIC operated under the spirit of their Memorandum and Articles
- that all decisions made by the CIC were approved and all decisions were transparent and recorded in the Minutes of Directors meetings.

- that the financial management of the CIC was sound and that all decisions were based on accurate up to date budgetary information
- that no misappropriation of funds had taken place from the CIC during its time of trading.

A complete check of Minutes for the CIC was undertaken to establish the details recorded from decisions taken during the period 2007 to 2014.

Further checks were made on the approval of Directors to spend or invest monies held by the CIC.

All aspects of governance for the CIC were checked to ensure that the originally recorded Objects had been followed and the spirit of the CIC has been embraced and followed by the Directors.

It should be noted that no formal Minutes were available to review from January 2014.

A further visit was arranged to the Fairground site on Thursday 11 August 2016 to speak to both Pauline Foster (a CIC Director) and Wendy Atkinson (CIC Administrative Officer) to establish their role in the CIC operation.

#### **Findings from the investigation:**

- The original Objects of the CIC had not always been followed by the Directors to ensure that the development of the Fairground site or its attributes had been put at the forefront of their decision making.
- The regular turnover of Directors on the CIC lost continuity to deliver its objectives which allowed self- interest to foster for some Directors who were Unit holders to seek personal gain from decisions taken by the CIC Directors, such as reduced rents.
- Conflicts of interest were held by some Directors to be objective in their Director role.
- There was confusion amongst the Directors as to the CIC responsibility to contribute towards maintenance of the Fairground site and in response to the Parish Council's request for support to maintain its upkeep. (In my opinion Directors who were Unit holders believed that although rent monies were paid into the CIC bank account, they continued to see this money as "their money" to spend).
- The Minutes reflect the Directors wish to refresh the Memorandum and Articles of the CIC in 2012. I have not been able to find a revised copy of these from the information provided for review, although I am informed by the Parish Clerk that new Memorandum and Articles were adopted in 2014.
- The appointment of a part time Administrator in 2009 did not provide sufficient resource to cover all the aspects of administration, finance and marketing that may have been expected from the Directors.
- There is lack of evidence of supporting papers provided to the Directors meetings to make strategic decisions. Many of the Minutes up to the end of 2012 showed a lack of evidence that budget information was provided or where financial matters were deferred on a regular basis to further meetings.
- It appears unclear as to the role of the CIC Accountant to provide further support although there is evidence that the year-end accounts were produced. There is little evidence of any other professional advice or that sufficient qualified accounting expertise was provided to the CIC to ensure that budgets were regularly monitored or that the financial management of the CIC was sound.
- It is also unclear as to any Parish Council's monitoring role as this was not clearly defined. I can find some references in the Directors Minutes to the Parish Council recommendations, including the requirements for redefining the structure of the Directors Board in 2012/3 and also to provide further funding to aid the issues for breakeven of the Michaelmas Fair's. There is little evidence of what reporting took place to ensure that the Parish Council were kept informed of the CIC operation or that the original objects were being followed.



## **Audit Opinion**

It is my opinion from the evidence provided for this investigation that:

- decision making taken by the CIC Directors recorded in the Minutes indicates a lack of collective decision making.
- there is a lack of evidence in the historic files to confirm whether all decisions to set up Bank Accounts, transfer monies or spend against the budget was taken by all Directors.
- the original Memorandum of Articles were not sufficiently robust to provide delegation of decision making as only two Directors were needed to do this. Therefore it may be that the revised Memorandum and Articles was to support a more collective decision making process?
- a lack of qualified professional accounting experience allowed poor financial management and relied on Directors to take decisions without sufficient understanding of the budgetary processes for the CIC. This led to inappropriate accounting treatment of the cash surpluses to avoid the payment of Corporation Tax, no proper investment or reserves policy and led to potential income and expenditure for activities that had not been properly costed or apportioned correctly.
- from the records available for investigation, however, there appears to be no evidence of misappropriation of funds, albeit that there are incomplete records for the final year of trading of the CIC during 2014 until it ceased trading in January 2015 (it is noted that during this period the Parish Council had taken back control and the CIC had no income from the Fairground Site).

## **Recommendations**

It is 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 this investigation, or whether further testing is required at a more detailed level
- considering whether to publish the findings of the investigation 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