



Final report

Review of processes at Chigwell Parish Council

1 Executive Summary

- 1.1 The Council has a robust governance framework in place, including Standing Orders, Financial Regulations, and Committee Terms of Reference and these are all reviewed annually. To provide transparency and to comply with Financial Regulations, the Council should ensure that all agendas, minutes, and payment schedules for approval are held on the Council's website, as these were not all available for the period under review.
- 1.2 To ensure accountability, the Council should ensure the Committee receives sufficient information before approving any recommendations. If necessary, resolutions should be deferred until all additional information requested has been received in order to make a fully informed decision.
- 1.3 To ensure all queries and issues raised at committee meetings are satisfactorily resolved, an action plan detailing all outstanding issues should be prepared and reported to each meeting. For example, queries raised with regards to the procurement of the website provider and concerns around the increased petrol costs were not adequately responded to by staff.
- 1.4 Purchase orders and invoices were available for all transactions with the exception of direct debits/standing orders (relating to utility bills and rent payments to the District Council) and salary payments which is acceptable normal practice. For clarity, the Council should specify in its Procurement Policy (which is still in draft) those payments which do not require a purchase order as the policy is currently silent on this.

2 Background, Scope, and Approach

- 2.1 This review has been undertaken at the request of the Chair of the Finance and Governance Committee at Chigwell Parish Council (CPC) following concerns around some of the processes carried out by the former Parish Clerk during their period of employment.
- 2.2 The former Clerk (who was also acting as the Responsible Financial Officer) was engaged by CPC in July 2022 as a locum and given a permanent position in October 2022. They [REDACTED] April 2023 [REDACTED]

The review focussed specifically on the following areas of concern for the ten-month period of the former Clerk's employment (July 2022 to April 2023):

- Payment processes
- Petrol costs
- Procurement of the website
- Internal Audit provider
- Petty cash transactions

3 Detailed Findings

Payments

- 3.1 Each payment in the period July 2022 to April 2023 was checked to ensure the procedures complied with the Council's Financial Regulations (FR) and the Committee's Terms of Reference as follows:
- A purchase order had been raised
 - It is supported by a valid invoice or other appropriate documentation and checked by the Responsible Finance Officer (RFO)
 - Where applicable, it is included in the schedule of payments presented to the Finance and Governance Committee for approval
- 3.2 All payments were traced to the hard copy purchase orders (PO) with the exception of the following:
- No PO was found in respect of a payment of £108 to Essex Association of Local Councils for training, although a PO number is recorded on the Scribe report. The Council should ensure all POs are filed with the corresponding invoice to provide a trail of the transaction and help prevent duplicate payments.
 - POs were not always raised for direct debit and standing order payments, which relate predominantly to utility bills and rent payments to Epping Forest District Council. This is acceptable as the Council has set these payments up in advance. The Council should consider presenting a schedule of direct debit/standing order payments to the Finance and Governance Committee for approval at the start of each financial year and a copy of the approval retained. Copies of all direct debit and standing order agreements should also be retained to refer to in the event of any queries.
 - There were no POs for salary payments which is normal. A report from MHR Limited (the Council's human resources and payroll provider) of net salary, Income Tax, National Insurance, and pension payments is approved by the Finance and Governance Committee in advance. The Committee minutes for January to April 2023 show the salary payments were approved; minutes for August to December 2022 were unavailable.
- 3.3 For clarity, the Council should specify those payments which do not require a PO in its Procurement Policy, (which is still in draft) as the policy is currently silent on this. Consideration should be given to including a 'schedule of delegated authority' in the Procurement Policy to pull together and clearly set out the permitted authorisation levels by staff, Councillors, and the different Council committees.
- 3.4 An 'Authorisation to Purchase' form was adopted in January 2023. The Council should consider requiring approval of these by the Finance and Governance Committee prior to committing the expenditure.
- 3.5 Invoices (or other appropriate documents) were available to support the payments, and these had been initialled as approved by the former Clerk in their capacity as Responsible Financial Officer.
- 3.6 Financial Regulation 5.2 requires the RFO to present a schedule of payments, together with the relevant invoices, to Council or the Finance and Governance Committee for approval prior to payment, and the detailed list of payments disclosed within or as an attachment to the minutes of the meeting at which payment was authorised.
- 3.7 It was not possible to check approval for payments made from August to December 2022 as the Finance and Governance Committee minutes and supporting documents are unavailable for this period. The minutes for January to April 2023 state the payments were approved although the schedule is only attached to the committee minutes for February

2023. The Council should ensure in future that all agendas, minutes, and additional documents as required by Financial Regulations are held on the Council's website.

Petrol costs

- 3.8 Cemetery staff confirmed that all petrol costs relate solely to equipment used at the Council's cemetery and is purchased from petrol stations using jerry cans. Given the number of jerry cans owned and the safe storage capacity at the cemetery, approximately 80 litres of petrol can be purchased at a time.
- 3.9 Cemetery staff confirmed that petrol is usually obtained at Chigwell service station (the closest to the cemetery), and in the event of the Chigwell garage being closed, the next nearest service station, on Church Hill, Loughton, is used.
- 3.10 Analysis of petrol expenditure in the period under review (appendix 2) found:
- two purchases totalling £105 had been made on non-working days, one of these at a service station in Woodford
 - there were two purchases, one of 87.86 litres and another of 89.58 litres
 - two purchases totalling £140 had been made at Shell Epping service station (approximately five miles from the cemetery) and, on both of these dates, fuel had also been bought at Shell Chigwell, indicating that it was open, and
 - a further purchase of £25.50 had been made at a petrol station in Abridge.

Explanations for these anomalies could not be obtained as the [REDACTED] was unable to attend the meeting arranged to discuss these matters and has since [REDACTED].

- 3.11 It was noted that all petrol purchases were supported by receipts, and the payments had been authorised by the former Parish Clerk. However, approval of the expenditure by the Finance and Governance Committee is not available as there are no minutes of the meetings held from August 2022 to November 2022, at which the payments would have been presented. The December 2023 meeting was cancelled and although the minutes for January 2023 state the payments have been approved, there is no listing attached.
- 3.12 In July 2023, the Finance and Governance Committee requested an explanation of the increased petrol costs for 2022/23; however, this was not followed up at subsequent meetings and no reason has been presented to the Committee. To ensure that queries and issues are satisfactorily resolved and to ensure accountability, a Committee action plan should be prepared and reported to each meeting.
- 3.13 In December 2023, the Finance Officer implemented a log of cemetery machinery usage, which in addition to monitoring the life of the machinery, will also monitor the fuel consumption and therefore highlight any anomalies in the use of petrol. Spend analysis will also draw attention to unexpected costs.

Website procurement

- 3.14 In August 2022, the former Clerk changed the Council's website provider from K D Web Limited to The Website Hoster. The change was approved by Full Council on 10 August 2022.
- 3.15 Following issues with the website (mainly around costs and security), details of the procurement process were requested by the Finance and Governance Committee in February 2023. The former Clerk supplied a copy of the contract to the March 2023 meeting, but no details of the procurement and appointment process of the new website supplier, 'Website Hoster', were provided and there is no record of this being followed up at subsequent meetings. As stated earlier in the report, to ensure that queries and issues

are satisfactorily resolved, a Committee action plan should be prepared and reported to each meeting.

Internal Audit provider

- 3.16 The former Clerk reported to Full Council on 25 August 2022 that the Internal Auditor for 2021/22, Auditing Solutions Limited, was no longer available and recommended Heelis & Lodge as the replacement. This was approved at the meeting and minuted.
- 3.17 On 10 January 2023 the Finance and Governance Committee requested the Clerk obtain details of the proposal from Heelis and Lodge and this was provided to the May 2023 meeting. It was noted by the Committee that the procurement process had been inadequate, and a new procurement would be undertaken for 2023/24.
- 3.18 Going forward, the Council should ensure it receives sufficient information before approving a recommendation and request additional information as necessary in order to make an informed decision. The resolution should be deferred, and additional information requested as necessary in order to make an informed decision.

Petty cash

- 3.19 Petty cash transactions in the period relate mostly to deposits and deposit refunds for the hire of Victory Hall. A decision was made to stop using the petty cash account for deposits and refunds, and since November 2022 these have been processed through bank payments. This removes the inherent risks around cash.
- 3.20 Two lots of £200 cash were given to the [REDACTED] in September 2022 for them 'to purchase essential items for council business (e.g. petrol)'. £282.62 was supported by petrol and other petty cash receipts. The remaining £20.85 is unaccounted for and could not be traced. A debit card has since replaced the need for cash advances to cemetery staff.
- 3.21 Consecutive vouchers had been completed and, where appropriate, receipts obtained for all petty cash claims. The receipt book was completed for all petty cash income.
- 3.22 Appendix 1 summarises the findings and recommendations arising from this review. This should be reviewed by Full Council and an action plan produced to ensure the assets and reputation of the Parish Council are protected.

4 Distribution

- 4.1 Councillor Rashni Chahal-Holden (Chair of Chigwell Parish Council)
Councillor Selina Jefcoate (Chair of Finance and Governance Committee, Chigwell Parish Council)
Olga Linkeviciene (Finance Officer, Chigwell Parish Council)
Kevin O'Brien (Interim Clerk, Chigwell Parish Council)
- 4.2 **Issue date**
Draft report issued: 1 March 2024
Final report issued: 12 March 2024
- 4.3 **Auditor**
Sue Linsley (Senior Auditor, Epping Forest District Council) on behalf of Sarah Marsh, Head of Internal Audit for Epping Forest District Council.

Appendix 1.

Summary of findings and recommendations

Ref.	Finding	Risk	Recommendation
1	It was not possible to check approval for payments made from August to December 2022 as the Finance and Governance Committee minutes and supporting documents are unavailable for this period. The minutes for January to April 2023 state the payments were approved although the schedule is only attached to the Committee minutes for February 2023.	There is no evidence of the approval of payments	<p>The Council should ensure that all agendas, minutes, and additional documents as required by Financial Regulations are retained and held on the Council's website.</p> <p>The Council should consider the Finance and Governance Committee approving 'Authorisation to Purchase' forms prior to committing the Council to the spend.</p>
2	<p>Purchase Orders were not always raised for direct debit and standing order payments.</p> <p>The Council's Procurement Policy is silent on those payments which do not require a purchase order.</p>	These payments may not be appropriately approved.	<p>The Council should present a schedule of direct debit/standing order payments to the Finance and Governance Committee for approval at the start of each financial year and a copy of the approval retained. Copies of all direct debit and standing order agreements should also be retained to refer to in the event of any queries.</p> <p>For clarity, the Council should specify those payments which do not require a Purchase Order in its Procurement Policy.</p> <p>Consideration should be given to including a 'schedule of delegated authority' in the Procurement Policy to pull together and clearly set out the permitted authorisation levels by staff, Councillors, and the different Council committees.</p>
3	<p>In February 2023 the Finance and Governance Committee requested details regarding the procurement of the website provider and in July 2023 requested an explanation of the increased petrol costs for 2022/23.</p> <p>Further details were not provided and there is no record of these being followed up at subsequent meetings.</p>	Queries and issues may not be satisfactorily resolved by the Council.	A Committee action plan detailing all outstanding issues should be prepared and reported to each meeting.
4	On 25 August 2022 Full Council approved the former Clerk's	Poor decision making by	The Council should ensure it receives sufficient information

	<p>recommendation to engage Heelis & Lodge as the replacement Internal Audit provider.</p> <p>In January 2023 the Finance and Governance Committee requested details of the proposal from Heelis and Lodge and noted that the procurement process had been inadequate.</p>	<p>the Council.</p> <p>Decisions may not be in the best interests of the residents.</p>	<p>before approving a recommendation.</p> <p>The resolution should be deferred, and additional information be requested as necessary in order to make an informed decision.</p>
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Appendix 2**Petrol Costs**

Day	Date	Location	Amount/litres	Cost/£
Thursday	07/07/2022	Shell Chigwell	87.86	172.12
Tuesday	19/07/2022	Shell Chigwell	44.47	80.00
Monday	01/08/2022	Shell Chigwell	46.22	85.00
Monday	08/08/2022	Shell Chigwell	89.58	161.15
Friday	07/10/2022	Shell Abridge	25.50	40.01
Thursday	13/10/2022	Shell Epping	40.74	68.00
Thursday	13/10/2022	Shell Chigwell	15.11	24.77
Sunday	23/10/2022	Esso Church Hill Loughton	17.66	30.00
Friday	28/10/2022	Shell Chigwell	24.11	40.00
Saturday	29/10/2022	MFG Woodford	45.48	75.00
Wednesday	02/11/2022	Shell Chigwell	18.69	31.01
Wednesday	09/11/2022	Shell Chigwell	22.78	39.94
Wednesday	09/11/2022	Shell Epping	43.14	72.00
Wednesday	30/11/2022	Shell Chigwell	33.96	52.58
Wednesday	30/12/2022	Shell Chigwell	17.88	29.48