

Locum Clerk to the Council/RFO: Shaun Jones
Chairman: Cllr Mark Underwood

Minutes of the Finance Committee Meeting held at 7:00pm on **Monday 20 July 2020** via Zoom Video Conferencing.

Present: Cllrs Parkhurst, (Chair), Clarke and Jones
Apologies Cllr. Gouge;
In Shaun Jones Locum Clerk; Cllr. Underwood
attendance:

F1.20/21 RECEIVE APOLOGIES & REASONS FOR ABSENCE – None

F2.20/21 DECLARATIONS OF INTEREST – None

F3.20/21 PUBLIC SPEAKING/QUESTIONS AT COUNCIL MEETINGS - None

F4.20/21 MINUTES – The minutes of the meeting held on 20 January 2020 were unanimously approved and signed by the Chair.

F5.20/21 CLERK'S REPORT AND MATTERS ARISING

- **Banking relationship – signing mandates require to be updated.**
Using the Co-operative Bank form – Change of Account Signatories & Authorised Users.
The following individuals are to be removed - Rob Miles, Caroline Higgins, Tim Ryan and Teresa Lewis. Move Janet Whittle to be an account signatory from authorised user and add Caroline Clode and Mark Underwood as account signatories too. **Proposed AP, seconded FJ to proceed as outlines. All in favour.**
Unity Bank and other accounts also need mandates to be reviewed.
- **Lyth Hill Country Park – 50% contribution (plus Longden Parish Council contribute 50%) towards costs. Invoice raised in November 2019 £8656.00.**
Statement of Account for June 2020 – invoice still showing as outstanding. SJ believes he has uncovered an instance of invoice fraud with interception of emails looking likely to have taken place, between Shropshire Council and ourselves. Email account – baystohillpc@hotmail.com is the more likely point of access. Details have been passed to the Police. Possibly by discovery of a common password may have allowed access. If any registered users list was exposed via a data breach, a fraudster can try their luck in accessing the email account. I have no evidence that a common password was in play with regard to this email account, on the contrary the previous Clerk was very cautious over security, but through whatever means we believe accessing and manipulating emails is what has taken place. The intercept resulted in a single page invoice from Shropshire Council, rather than a two sided one. New bank details were added to the bottom of the invoice. What is puzzling is that signs were missed, manipulated email addresses, e.g. an i replaced with a 1 or lower case l, poor English phrasing – all tell tell signs. I have no idea why, under pressure or distraction, but new bank account details were input to our internet banking profile. Shropshire Council have the NatWest as their bankers but the details input relates to a Barclays account in Leicester. The £8,656.00 was remitted to the Barclays account on November 27th 2019. It has been raised with the

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Page 1

people in Shropshire Council and they performed a mapping exercise between the emails that they sent vs. what we received. There are of course lessons to be learnt, firstly I have added second level authentication on both of Bayston Hill Parish Council's email accounts. You now can't log into our email accounts without an added code sent to our registered mobile phone. It will prevent this suspected form of fraud but there are many others we need to be on alert for. Shropshire Council claim to their knowledge this is the first instance of this type of fraud. SC mood music is that they are not putting pressure on us to settle the account for now. TC asked to be kept in the loop on how matters transpire. AP asks how many occasions were we told by Shropshire Council that they hadn't been paid the money? SJ has spoken to a senior manager in Finance at SC and stated his dismay that we had not been alerted to non-payment sooner, as the trail has gone cold. Approaching Barclays Bank at this stage maybe far too late to repatriate any funds. SJ will research how many instances did SC Finance send reminders or statements clearly showing the unpaid invoice. SC are to do the same from their side. MU states while monitoring the council's email box in April/May he doesn't recall seeing an email from SC relating to this unpaid invoice – reminder or statement. MU is interested to know if the Police will act on our report. SJ will get in touch with local Police contacts to see if any progress has been made. The National Fraud Agency did state they reply within 28 days. FJ – can you chase Barclays again – have they any insurance to cover such losses? TC and SJ will make contact with our bankers, Co-operative Bank on Wednesday to get them to look into this from their side – and they will contact Barclays too. SJ had called Barclays initially to see if the account concerned had been flagged as fraudulent, they did go away and check, coming back with the advice to report to the Police. Could we read into this that their account had been flagged?

- **PKF Littlejohn – External Auditors** have agreed to moving the deadline for the submission of the papers for external audit from 31.7.20 to 28.8.20, a one month extension. Approval of the AGAR by Council is slated for 27.7.20.

- F6.20/21 FINANCIAL POSITION BY COST CENTRE & CODE SUMMARY** – To note the position of financial cost centres compared to budgets at the end of the financial year. **Proposed AP, seconded FJ to accept the report. All in favour.**
- F7.20/21 BANK RECONCILIATION** - To note and agree the Bank Reconciliation for all accounts, including Petty Cash to 31 March 2020. The CCLA Deposit Fund is now treated as a long-term asset – the Bank Reconciliation was updated 27th April 2020. **Proposed AP, seconded FJ to accept the report. All in favour.**
- F8.20/21 ANNUAL STATEMENT OF ACCOUNTS** – Both Balance Sheet at year end – 31.3.2020 and Income and Expenditure Account 2019/20 presented. AP requested if there is a norm with respect to level of reserves set aside. SJ advised any unallocated reserve should not exceed the amount requested as the annual precept. Ear marking of reserves for specific reasons is permitted. **Members of the committee unanimously accepted the financial statements presented.**
- F9.20/21 ALLOCATION OF YEAR END SURPLUS TO EARMARKED RESERVES** – Deferred and SJ will bring to Full Council if required. **Proposed AP, seconded FJ to approve deferral – All in favour.** TC request an update on amounts received via Community Infrastructure Levy. Members accepted that there is likely to be a financial hit with respect to the Coronavirus Pandemic as well as additional costs related to staffing. Also, the invoice fraud noted in F5.20/21 could require use of any surplus. MU also flagged up progress to becoming Carbon Neutral may need some funding. AP would welcome a review of all ear marked reserves to ensure they match current priorities and plans on capital projects.

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Page 2

- F10.20/21 REVIEW INTERNAL AUDITORS REPORT AND FOLLOW RECOMMENDATIONS**
 Members noted the Internal Auditors report and recommendations, move to a true dual authorisation internet banking system and recalculation of bank reconciliation statement by a Councillor. AP also believes we check statements from key suppliers to ensure no old items outstanding. **Proposed AP, seconded FJ to the actions outlined. All in favour.**
- F11.20/21 REVIEW ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN (AGAR) –**
 To review the drafted return in advance of being presented to Full Council for legal sign off. **Members approved the report presented and the proposal to restate line 7 and 9 for the previous financial year to give a more accurate comparator since moving the CCLA Fund from cash balance to long term asset.**
- F12.20/21 KEY FINANCIAL TASKS –** To review Key Financial Tasks calendar and identify actions arising. MU and SJ have reviewed this document prior to this meeting. SJ not entirely up to speed on how this document is used by the committee. MU prepared a version of this document in an excel spreadsheet format with status colours – red, amber & green plus additional tabs. **To be shared with SJ. Can come back to Full Council with recommendations.** AP emphasises the importance of robust procedures to assist both members and officers.
- F13.20/21 PAYMENTS –** The Clerk presented a list of payments becoming due. **Proposed MU, seconded FJ to approve – All in favour.**

Meeting closed at 8:12 pm