



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

June 2008

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Ref: 209A2008

Report in the Public Interest

Audits of Account 2001/2002,
2002/2003, 2003/2004, 2004/2005 and
2005/2006

Criccieth Town Council

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Status of this public interest report

This public interest report has been prepared for Criccieth Community Council in accordance with, in relation to audit and reports in the public interest, section 22 of the Public Audit Wales Act 2004.

No responsibility is accepted in relation to any officer, member, or other person in their individual capacity, or any third party.

Purpose of this document

1. This report is issued in the public interest under section 22 of the Public Audit (Wales) Act 2004. I have issued this report to draw the public's attention to a failure in governance arrangements and inadequacies in internal control at Criccieth Town Council (the Council). These matters have been the subject of some limited press coverage to date and I believe it is important that the public have a full and proper awareness of recent events concerning the Council. I have also issued this report to give the Council the opportunity to demonstrate the important steps taken to improve arrangements and ensure that the risk of such governance failures recurring is reduced to a minimum. There are lessons to be learnt not just by Criccieth Town Council but by all community councils in Wales.
2. I wish to put on record that, since October 2006, I have been a Gwynedd council tax payer and a resident of Criccieth. This has no adverse impact on my independence and objectivity in dealing with this matter. It is not a bar on my acting as the auditor jointly appointed to audit the accounts of Criccieth Town Council. I have also issued similar documents to Llannor, Buan and Llanbedrog Community Councils.

Criccieth Town Council

3. The town of Criccieth is located at the south side of the Lleyn Peninsula. The Town Council has 12 elected members and serves a population of approximately 2,800 which increases to around 10,000 in the summer months. The Council spends around £25,000 annually on local services which is mainly funded by a precept from Gwynedd Council. The Council derives its funding from the public purse and its members are elected by local residents. The Council is, therefore, accountable to the local electorate of Criccieth.
4. Community councils such as Criccieth, by their local nature, rely on one key part-time officer, the Clerk, to manage their administrative affairs. More often than not, the Clerk is also appointed in the capacity of Responsible Financial Officer and is responsible for administering the financial affairs of the Council, in particular, maintaining the accounting records and preparing the annual statement of accounts. However, by law (the Accounts and Audit (Wales) Regulations) the responsibility for the stewardship of Council funds, including ensuring that it has effective and efficient financial management, rests with the Council (that is the members). This includes such things as establishing an appropriate system of internal control, including internal audit, and approving the annual accounts prior to submission to the external auditor for examination.

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5. Following the resignation of the former Clerk in March 2002, Mrs Sian Francis was appointed as Clerk to the Council with effect from 1 April 2002. Mrs Francis was known to members of the Council from her employment as Clerk to Llannor and Buan Community Councils. At the time, Mrs Francis also worked as the Dwyfor Area Registrar of Births, Marriages and Deaths.

The internal audit of the Council's accounts

6. It is a legal requirement, as set out in the Accounts and Audit Regulations, for community councils to have 'an adequate and effective system of internal audit of their accounting records and control systems'. The internal auditor is required to produce an annual report which is incorporated into the annual returns submitted to the external auditor. The internal auditor has a professional duty to draw any matters of concern to the attention of the Council.
7. Mr John Roberts was appointed as the Town Council's internal auditor for the financial year 2001/2002. He was also the internal auditor for Llannor and Buan Community Councils. Mr Roberts was the Treasurer of the former Arfon Borough Council until his retirement at local government reorganisation in 1996 and is a member of the Chartered Institute of Public Finance and Accountancy. He was also a Town Clerk for a year after his retirement. Since that time, and until his appointment as internal auditor, Mr Roberts had been engaged in the external audits of community councils in North Wales. He therefore had the relevant and appropriate experience to undertake the role of internal auditor to the Council.
8. During the course of the internal audit of the 2001/2002 accounts for Buan and Llannor, Mr Roberts identified a number of matters in respect of the accounts which gave him cause for concern. He extended his review to examine accounting entries into the first half of 2002/2003 which included the first few months Mrs Francis was appointed as Clerk to Criccieth Town Council.
9. Mr Roberts had discussed his concerns with Mrs Francis but was unconvinced that sufficient remedial action would be forthcoming. Mr Roberts subsequently contacted the Chair at the time and drew to his attention the most significant matter arising; the possibility that the new Clerk may have been paid salary of £3,500 to which she was not entitled. It was agreed with the Chair that the matter would be deferred until the audit of the 2002/2003 accounts.
10. Mr Roberts subsequently re-considered how he should set about reporting his concerns about the 2001/2002 audits of Criccieth, Buan and Llannor. As a result, Mr Roberts arranged a meeting with the Chairs and Vice Chairs of all three Community Councils. The meeting was arranged through the Vice Chair of Criccieth Town Council. The Clerk was not invited to attend. The meeting took place on 6 June 2003. Representing Criccieth Town Council were its new Chairman and the Vice Chair.

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11. Mr Roberts drew a number of concerns to the attention of the members present:
 - the inappropriateness of the payment of the Clerk's salary in advance;
 - the need for proper approval for all payments made;
 - the need for proper arrangements in respect of administering the Clerk's income tax and national insurance; and
 - the increasing cost of administration including photocopying and postage and the need for such payments to be supported by original receipts.
 12. Mr Roberts produced a note of that meeting which was sent by post to the respective Chairs after the meeting. The note, which I have read, reflects that members claimed to have been made aware of these concerns by the Clerk in advance of the meeting and that they had undertaken their own internal review. Based on this review they were satisfied that their arrangements were in order. The Chairman of the Council has stated that he wrote to the Clerk after the meeting reminding her of the need to submit a copy of the bill with each payment and that the cheques should be written out at the end of each Council meeting.
 13. Mr Roberts, however, has advised me that he did not believe that the members had given his concerns the attention they merited. Mr Roberts has drawn my attention to a letter he received from the Chairman of Criccieth Town Council, stating that the Council was unhappy about the way in which Mr Roberts had convened the meeting with members without the Clerk being present to explain her understanding of events. Members conveyed their belief in the letter that Mr Roberts had acted unfairly and any conclusions he had reached without the response of the Clerk were of limited value.
 14. The then Vice Chair has stated that he was concerned about the conduct of the Clerk based upon the advice of Mr Roberts. He was aware that his actions in assisting Mr Roberts to convene the meeting in the absence of the Clerk had been unpopular with other members. He did not stand for office again in 2004 because of his differences of opinion with certain other members of the Council in respect of the extent of the confidence placed in the Clerk.
 15. Subsequently, and from what I understand to be a source of frustration experienced by Mr Roberts insofar as his perception of complacency on behalf of the Community Councils, Mr Roberts reported his concerns to the Council's external auditor, UHY Hacker Young. I have also been advised by Mr Roberts that his appointment as internal auditor for Criccieth was not renewed for 2002/2003.
 16. The internal audit for Criccieth Town Council for the year 2002/2003 was subsequently undertaken by a firm of chartered accountants based in Caernarfon. I am aware that a change in internal audit appointment was made because of oral representations made by Mrs Francis to the Council about her inability to work with Mr Roberts and the manner in which he conducted himself. The Chairman of the Council at the time has stated that Mrs Francis threatened to resign if the Council did not provide her with authority to appoint a new internal auditor instead of Mr Roberts. Members have told me that they were made aware of a 'clash of personality' between Mr Roberts and Mrs Francis and this meant it was necessary to make alternative arrangements for the internal audit of the Council.

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17. The new internal auditors had only commenced their audit of the Council's accounts for 2002/2003 when I requested the Council's records for the purpose of my external audit. The new auditors had identified some payments within the accounts which they wished to review in further detail but it was agreed these would be addressed as part of my external audit.

My appointment as external auditor

18. As noted above, Mr John Roberts had reported various matters of concern to the Council's external auditor, UHY Hacker Young, following his meeting with members of the Council in June 2003. Mr Nick Jenkins of UHY formally requested that the joint appointment of a District Auditor be enacted so that the matters raised by internal audit could be reviewed by a Welsh speaking audit team. In June 2004 I was jointly appointed as the external auditor for Criccieth Town Council in accordance with the Council's notice of audit appointment, issued under the Audit Commission Act 1998.

My findings in respect of the Clerk

19. I undertook a review of the accounts for Criccieth Town Council for the period commencing with the appointment of the new Clerk in April 2002. One of my first tasks was to examine the Council's payment records and compare these with the recipients of the payments made as evidenced by cheques presented to the bank.
20. I obtained 66 cheques from the bank whose combined value was £60,518.40 representing the period April 2002 until May 2004. Of these cheques, 42 totalling £46,946.75 had been made payable to Mrs Francis. Mrs Francis was entitled to payments of approximately £16,000 in this period representing her salary and expenses properly incurred from her office as Clerk. The balance of more than £30,000 were payments to which she had no entitlement and should have been paid directly to the payees as recorded in the Council's various accounting records, including the formal record of Council approval, the minutes of Council meetings.
21. In reviewing the minutes presented to me by the Clerk during the audit, many of the payments approved by the Council were noted as being made 'through the hand of the Clerk' a term which I interpreted as payment to the Clerk who would settle the accounts with the supplier from her own account. This interpretation was confirmed by the subsequent investigation. This practice was inappropriate and placed the Council at risk of not making payments in a timely manner or, as in this case, not making the proper payments at all. However, it was unclear at this time if the practice of making payments 'through the hand of the Clerk' was known and sanctioned by the Council or reflected acts of deception on behalf of the Clerk. It was later confirmed that this practice was not approved by the Council and that the Clerk had falsified the minutes to give the practice an appearance of legitimacy.
22. I examined all of the payments made by the Council in the period noted above in further detail. A number of irregularities were apparent.

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23. As a result of finding these irregularities, I referred 14 specimen payments totalling £26,005 to North Wales Police in December 2004 for further investigation. These were chosen on the basis they were representative of the irregularities identified and were supported by the appropriate amount of evidence such that the police could recommend to the Crown Prosecution Service that charges be brought. I have summarised these payments, together with the reasons why I passed them to the police, in Appendix 1.
24. Mrs Francis was arrested in June 2005 and suspended from office, without prejudice by the Council, shortly afterwards. The subsequent joint audit and police investigation revealed the scale of the deception and false accounting perpetrated by the Clerk, Mrs Francis. She was able to deceive members of the Council by making false statements, persuading members to sign false or amended documents at times when they were least able to exercise an effective level of scrutiny and also create a plethora of fictitious documents including payment records, letters and minutes. Mrs Francis also withheld key documents from the Council, the contents of which may have exposed her deception. As an example, I refer to a letter from the solicitors of one of the electrical contractors who had not received payment. The letter threatened court action if the account was not settled.
25. There was, in the recollection of members interviewed by the police, no sanctioning of payments 'through the hand of the Clerk'. I quote one member from the record of the police interview which is representative of others I have seen:
- 'I can state that I have never been in a Council meeting when the subject of allowing the Clerk to pay Council money into her own account was discussed, I would have opposed such a motion should it have been discussed. There would have been no reason whatsoever for such a course of action. The Council handles and deals with public money which should remain in the bank accounts held by the Council and not in a private individual account. Such action would be a misuse of public funds'.*
26. Mrs Francis was also subsequently discovered to have been maintaining two different sets of Council minutes, one for distribution to members and one for submission to my officers as part of the audit of the accounts. The minutes presented for audit differed insofar as they purported that the payments made 'through the hand of the Clerk' were normal practice and approved by the Council. No such disclosures were made in the minutes presented to members.
27. To sum up, in the period between the appointment of the Clerk in April 2002 and her arrest in June 2005 my audit identified 14 payments totalling £26,005 which had been made to the Clerk to which she did not have entitlement. Of this sum, £8,315 has now been paid to the appropriate persons. A balance of £17,690 (shown in red in Appendix 1) is yet to be recovered. I should stress that these amounts do not reflect all the irregularities identified, but specimens for the purpose of securing a successful conviction by the courts. However, I am satisfied that these payments represent the greater part of the irregularities present within the Council's accounts for the period covered by my audit.

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28. In October 2006 Mrs Francis was charged with 31 offences. In March 2007, Mrs Francis was sentenced in Chester Crown Court to 15 months imprisonment in respect of 18 charges of false accounting totalling £64,735 relating to her employment as Clerk to Criccieth, Llannor, Llanbedrog and Buan Community Councils.
29. I am of the opinion that the losses noted above in respect of Criccieth Town Council are directly attributable to the deliberate and criminal actions of the Council's Clerk, Mrs Francis. The Clerk created a false trail of accounting records with the deliberate aim of deceiving both members of the Council and the internal and external auditors. These matters only came to light following the vigilance and thoroughness of an internal auditor. I am also satisfied that, with the exception of recovering the losses to the public purse, the courts have now dealt with the actions of the Clerk to Criccieth Town Council.

My findings in respect of members of the Council

30. I am also of the view that the losses were attributable in part to significant weaknesses in the governance arrangements operated by the Council itself, and the failings in the conduct of members of the Council. I stated earlier in paragraph 4 that the responsibility for the stewardship of Council funds, including ensuring that it has effective and efficient financial management, rests with the Council (that is the members).
31. In the following paragraphs I have set out my views on these failings and how they contributed to the losses incurred by the Council. This had a significant negative impact on the Council's stewardship of public funds. I have identified four key failings in the governance arrangements established by the Council.

(a) Reliance on trust and lack of adequate supervision

32. The reliance members placed on their trust in the Clerk permeates all other failings I have identified. It is clear from the outset that members of the Council were impressed by Mrs Francis' experience of local government administration. Members placed an over-reliance on this and failed to adequately supervise or challenge the activities of the Clerk.
33. Associated with this trust was a fear of Mrs Francis' strong personality. As a result Mrs Francis was subjected to very little challenge or scrutiny by members of the Council. She was responsible for the administration of the Council's affairs with minimal supervision following her appointment after the retirement of the former Clerk. Mrs Francis had misappropriated public funds within a matter of days of being appointed by the Council. I refer in particular to a salary payment of £3,500 recorded as due to the former Clerk when the actual cheque was made payable to Mrs Francis. It is remarkable that an employer would allow a new employee such freedom of activity given the nature of the tasks that were required by the roles of Clerk and Responsible Financial Officer.

(b) Inadequate scrutiny of payments prior to approval

- 34.** Mrs Francis was able to present Council cheques into her own bank accounts because members of the Council as cheque signatories were prepared to sign 'blank cheques'. There was no such accepted practice of payments being made 'through the hand of the Clerk'. All cheque signatories have stated that they signed blank cheques from time to time but only if they had been shown the relevant invoice or documentation supporting the payment. They would subsequently confirm the payments by reviewing the minutes of the meeting which were distributed for approval at the next meeting of the Council.
- 35.** Mrs Francis entered her own name on the cheques after they had been signed by members and fabricated Council records such as minutes and payment vouchers to create an impression that the payments via 'her own hand' were sanctioned by the Council. The same councillors were also prepared to sign documents presented to them by the Clerk without sufficient question or review.
- 36.** It is a matter of serious concern that members of the Council signed 'blank cheques'. This failing is compounded by the fact that such inappropriate cheque signing continued after the internal auditor drew his concerns to the attention of the Chairman and Vice Chairman in June 2003. It is not clear whether this reflected the lack of communication between the Chair/Vice Chair and the other members or because of the failings of the individual members who were cheque signatories on the basis that they had been informed about the auditor's concerns. The Council has explained that after the meeting with the internal auditor the Council attempted to improve the financial administration but the Clerk always had a plausible excuse for not producing the accounts in support of payments. As a result members continued to sign blank cheques. Members should have done more to ensure that accounts were produced for scrutiny by, for example, explaining to the Clerk that the failure to produce accounts could lead to disciplinary action.
- 37.** In June 2003, Mr Roberts had expressed concern to the Chair and Vice Chair over the payment of salary in advance, the need for proper authorisation of payments, satisfactory arrangements for the accounting of tax and national insurance, and the escalating costs of photocopying and stationery. Had appropriate action been taken in response to the internal auditor's concerns it is possible that seven of the payments made after 6 June 2003 to the value of £15,286 may not have been authorised.
- 38.** It is also clear from the payments I examined at audit that the Council would retrospectively approve payments that had already been made. That is the decisions of the Council to approve payments as recorded in the minutes post-dated the dates shown on the cheques signed by the Chair and Vice Chair. Such a practice presents a significant control weakness and payments made without proper authority, for example prior to approval by Council, are unlawful.

(c) Accounting for income tax and national insurance

39. The responsibility for complying with laws and regulations rests with the Council. The Council is responsible, as an employer, to ensure all amounts due in respect of income tax and national insurance for its paid employees, are properly accounted for and remitted to Her Majesty's Revenue and Customs (HMRC). From the evidence I have seen, it is apparent that the Council allowed the Clerk to assume full responsibility for the administration of any tax and national insurance liabilities. I have noted a statement by a former councillor that he did speak in person to the Clerk emphasising the importance of making proper arrangements for declaring her earnings to HMRC.
40. However, in my view, the Clerk failed to make effective arrangements in this regard and the amounts due to HMRC were not remitted in full. The amounts of tax and national insurance arising from the proper employment of the Clerk, which were not remitted to HMRC, must now be reviewed and properly accounted for by the Council. Any losses including penalties identified by HMRC may also fall to the Council to make good.

(d) Abiding by appropriate standards of ethical conduct

41. Individuals elected to serve as members of a Welsh local government body, including community councils, are required to abide by a Code of Conduct. The general principles of the Code are prescribed in statute but individual councils can produce their own locally tailored Codes provided the key principles are included. All local authorities in Wales, including community councils, were required to formally adopt a Code of Conduct by no later than the end of June 2002. All elected members were required to give a written undertaking to abide by the Code within two months of the Code being adopted or within two months of being elected to the Council. I understand that the Council formally adopted its Code of Conduct for members in a meeting held on 11 March 2002.
42. Allegations that members have failed to comply with the requirements of the Code of Conduct are investigated by the Public Services Ombudsman for Wales. Once his investigation is complete, he may decide that there is no evidence that the Code has been broken, or that no further action needs to be taken. However, if he concludes that there is evidence that warrants doing so, he will send a formal report either to the relevant local Standards Committee or the Adjudication Panel for Wales. It will be a matter for them to decide if the Code of Conduct has been broken and if so, what penalty to impose on the member(s) concerned.
43. I have given very careful consideration to the matter of member conduct in the context of the events happening within the Council in the period covered by this report. It is clear that the Clerk was very persuasive and creative in terms of the deception carried out. The Clerk was also precise in terms of timing her actions to ensure members of the Council were least able to scrutinise her actions, for example, by turning up at members' homes at dinner time looking for cheques to be signed so as not to delay important payments. The full extent of the falsification of documents and possibly signatures of members may never be revealed.

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44. I have also met with members of the Council to share my preliminary findings and to listen very carefully to their explanations and recollections. Members have conveyed to me the extent of trust they placed in the Clerk and their sense of betrayal that such a well regarded professional person who was a pillar in the local community would undertake such deliberate acts of deception.
45. Members have also explained that they are unqualified lay persons who devote many hours of personal time, without any payment, to represent and work on behalf of the local community. Many are unelected (due to a lack of interest by others in serving on the Council) and co-opted onto the Council and have served in public office for many years. They are particularly fearful about the impact recent events will have on retaining members on the Council and encouraging others in the community to stand at election time. In this context it is vital that councillors and indeed prospective councillors understand the legal responsibilities placed upon them when they become councillors. Local councillors are accountable to the local electorate and must be held accountable when things go wrong irrespective of whether or not they are paid.
46. Another issue which members have raised is the lack of training provided to them and to Clerks. I understand that attempts have been made to secure training from a range of organisations but none is readily available at the moment, particularly in the medium of the Welsh language which is essential to councils such as Criccieth.
47. Members have also expressed to me their frustration that they were not made more fully aware of the concerns and reservations held by the internal auditor, Mr John Roberts. In particular members have stated that Mr Roberts should have written to all members setting out his concerns as opposed to arranging an 'unofficial' meeting with Chairs and Vice Chairs of relevant councils. I can appreciate the source of frustration in this regard and the internal auditor could perhaps have done more in escalating his concerns with members before approaching the external auditor. However, the evidence before me is that the internal auditor did meet with appropriate representatives of the Council and these individuals, in my view, placed too much weight on the views of the Clerk, Mrs Francis.
48. I have no doubt that lessons have been learned by all concerned and I will come on to reflect the important steps taken by the Council to strengthen its governance arrangements in the next section of this document. Many of the issues raised by members as set out above are valid and relevant. Nevertheless, I am of the view that all members of the Council have failed to properly discharge their responsibilities in respect of the stewardship of public funds; others have conducted themselves in a manner such that their actions contributed to the losses arising from the criminal acts of the Clerk. I cite in particular those members who were prepared to sign 'blank cheques' and other documents without proper scrutiny or review, particularly in the light of the explicit concerns raised by the internal auditor.

49. I am concerned that two key principles of the Code of Conduct for members have been breached:

- **Duty to uphold the law:** members must not in their official capacity or otherwise behave in a manner which could be reasonably regarded as bringing the office of member of the authority into disrepute.
- **Selflessness and stewardship:** members must, when using or authorising the use by another member of the resources of the authority, do so prudently and in accordance with the law and the authority's requirements.

Action already taken by the Council

50. It is important that the Council learns the lessons from recent events. I understand that the Council has already taken certain essential actions including:

- the dismissal of Mrs Francis from office immediately following the conclusion of court proceedings;
- negotiating an insurance settlement of £10,000 under the cover arranged for fidelity insurance;
- establishing a finance sub-committee to check financial transactions in the absence of the Clerk on a quarterly basis;
- councillors participating in the check above have to sign to confirm they have done so;
- cheques will not be signed until they have been completed in full – they will be signed by three members and the Clerk will have no responsibility for signing; and
- The Council has informed me that it has implemented the recommendations set out below and a copy of the Code of Conduct has been delivered to every councillor.

Recommendations

51. My recommendations to the Council are:

R1	Blank cheques must never be signed.
R2	Members must satisfy themselves that they understand the Code of Conduct and their obligations under legislation (eg, Local Government Act 1972, Accounts and Audit (Wales) Regulations 2005).
R3	Members must ensure that the important actions noted above are fully implemented and sustained.
R4	The Council should ensure that any liabilities in respect of outstanding tax and national insurance are discussed with HMRC and action is taken to regularise the position to the satisfaction of HMRC.
R5	The Council should draw up a set of Financial Regulations to ensure that both members and employees (namely the Clerk/Responsible Financial Officer) are clear what actions are necessary to safeguard the public funds entrusted to the Council on behalf of the local community.

Learning the lessons

52. Given that the events at Criccieth Town Council also occurred at three other Community Councils in Gwynedd, it is clear there is a need for a better understanding by elected members of community councils in terms of their duties and responsibilities for the safeguarding of public funds. To that end I will be assisting the Auditor General for Wales to produce a 'learning the lessons' paper which will be issued to all relevant parties, including the representative body for Welsh community councils – One Voice Wales.

Next steps

53. The Council is now required by section 25 of the Public Audit (Wales) Act 2004 to consider this report at a full meeting of the Council within one month of the date of this report. At the meeting the Council must decide:
- (a) whether the report requires it to take any action;
 - (b) whether the recommendations within the report are to be accepted; and
 - (c) what action (if any) to take in response to the report and recommendations.

Acknowledgements

54. Finally, I wish to set on record my gratitude to Mr Nick Jenkins of UHY Hacker Young and the North Wales Police for the considerable assistance they have given me and my officers in respect of my audit of the Council's accounts.



Anthony Barrett
Appointed Auditor

11 June 2008

Appendix 1

Irregular payments referred to North Wales Police

Payee details	Amount	Audit observations
Clerk's salary	£3,500.00	Key documents provided for audit record the payment as being due in respect of the former Clerk to the Council. It was confirmed by examination of the records that the former Clerk had no entitlement to this money. It was confirmed with the former Clerk that she had not received this cheque. The cheque was made payable to Mrs Francis and cashed on 11 April 2002. This payment was not repaid to the Council.
Electrical contractor 1	£2,639.05	The 'invoice' supporting this payment, upon closer examination, turned out to have been an estimate of the cost of work. The cheque was paid to Mrs Francis. A note was placed on file together with the signature of a councillor, stating that the payment was made in error and would be deducted from the Clerk's salary. No such deduction was made and members were unaware that such an error had been made.
Electrical contractor 2	£5,029.00 £216.00 £314.26	The document supporting the payment of £5,029 was an estimate. The cheque was paid to the Clerk. Some five months later the contractor was paid by the Clerk from her own funds. The £530.26 was also paid to the Clerk and the contractor reimbursed later from the Clerk's own funds.
Electrical contractor 3	£1,060.67 £1,695.23 £1,695.23	Two of these payments totalling £2,755.90 were paid to the Clerk who, some 12 months later, reimbursed the contractor from her own funds. The contractor had to threaten legal action to recover the amount due but the Clerk withheld this correspondence from the Council. A further payment of £1,695.23 based on a copy invoice was paid to the Clerk. This payment duplicated the earlier payment for the same amount. This amount has not been repaid to the Council.
Criccieth in Bloom	£2,560.00	A number of documents were presented for audit to support this contribution to Criccieth in Bloom for 2002/2003. The cheque was made payable to Mrs Francis and Criccieth in Bloom did not receive the donation. A note was placed on file together with the signature of a councillor stating that the payment was made in error and would be deducted from the Clerk's salary. No such deduction was made and members were unaware that such an error had been made.

Payee details	Amount	Audit observations
Hedge trimming	£735.00 £1,285.00	A contractor undertook hedge trimming work for an agreed price of £735. He was asked to do further work and he submitted a further invoice for £1,285 reflecting the cost of additional work at £550. The cheques for £735 and £1,285 were made payable to Mrs Francis. The contractor was paid some time later by a Council cheque for £735. The Council has incurred costs of £2,755 for work agreed at a price of £1,285. The balance has been retained by the Clerk without any entitlement. The contractor complained to the Clerk about the shortfall of £550 but was persuaded by the Clerk not to pursue the matter if the contractor wanted further work from the Council.
Tax and national insurance	£4,892.00	This payment was made to the Clerk under the description of tax and national insurance. It was the Council's responsibility to ensure that the Clerk deducted tax and national insurance from her gross salary and not to make further additional contributions thus inflating her negotiated salary. Initial discussions with HMRC indicated that only £1,789.80 had been paid over as tax by the Clerk in respect of this period.
Stationery and photocopying	£224.76 £159.38	These payments were made to the Clerk and were supported by invoices from a local stationery supplier. However, it was established by the supplier that the invoices prepared were not ones that were in use by the shop at the time.
Total	£26,005.58	Of this total, a sum of £8,315.16 was eventually paid to the suppliers, but the balance of £17,690.42 was retained by the Clerk without proper entitlement.



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