

1 – The employment record of the former Assistant Town Clerk.

She began employment with Rugeley Town Council on 14th April 2008.

During 2015 and 2016 the Town Council experienced a number of staffing challenges. Firstly, the then Town Clerk took maternity leave, but indicated that she intended to return to work. This meant that the Council had to rely on the Assistant Town Clerk with occasional locum support. However, she did not return at the end of maternity leave, nor did she give advance notice of not returning.

After the resulting delay the Council appointed a replacement Town Clerk, but this appointment proved to be problematic and short lived. In December 2016 the replacement Clerk, walked out on the Council without giving any explanation or period of notice.

Once again, the Council had to rely on the former Assistant Town Clerk, who was for further four months the only member of staff working in the offices.

In April 2017 the current Town Clerk was appointed as a locum Clerk, but was only available to work five hours per week initially at Rugeley Town Council because of existing work commitments.

It should be noted that during this period the Council had to move bank account from the closing HSBC to Lloyds, and also had a new accounting system installed. In both cases it was the former Assistant Town Clerk who did the system administration.

In summary the former Assistant Town Clerk had for more than two and a half years been the main and often only member of staff. During that time, she had always appeared reliable and helpful. She had become trusted by most of the Councillors and was indeed considered a friend by some of them.

The fact that she was trusted, greatly contributed to her being able to deceive people for so long.

In October 2017 the current Town Clerk was appointed on a permanent basis, working twenty-five hours per week.

2 – The Council members during the period of fraud.

Twenty-two people served as Councillors during all or part of that period on a voluntary and unpaid basis. None of them were trained accountants, merely lay people.

Of those twenty-two, eleven are no longer Councillors and at least one is deceased. Of the remaining eleven, nine have given notice that they will be retiring from the Council in a few weeks-time.

3 - The Council audit process.

The Council has a two-stage audit process. The first stage is an Internal Auditor contracted by the Council to work with the Councils' staff to monitor the Councils' governance procedures and accounting. The Internal Auditor also prepares the annual submission to the External Auditors, who are appointed by the Government.

21st September 2016 – An experienced and highly recommended Internal Auditor was appointed to carry out a Management Audit of the Council. He had previously done similar work for Stone TC, Uttoxeter TC, and other parish councils in Staffordshire. He had also trained a number of the other internal auditors working in Staffordshire and West Midlands.

The purpose of the Audit was to ensure that the Council had appropriate Standing Orders, Financial Regulations, policies and processes and complied with all Local Government regulations.

5th October 2016 – A working group of Councillors was set up to do an initial briefing session with the Internal Auditor.

1st March 2017 – The contract with the Internal Auditor was extended to carry out the Internal Audit for 2016/17.

17th May 2017 – F&M Committee received and approved the Internal Auditors report. It was also agreed to recommend that the Council approve the Annual Return for submission to the External Auditors.

1st June 2017 – The Council approved the Annual Governance Return, the Annual Accounting Return, and the Internal Audit Report for 2016/17 for submission to the External Auditors.

6th September 2017 – The existing Internal Auditor was appointed for three years.

18th October 2017 – At the Finance and Management Committee, a Councillor was nominated to verify bank reconciliations. He was unable to carry out such a function as the Council's Financial Regulations at that time stated that it could not be done by either the Chair or the cheque signatories, and he was a signatory on one of the accounts.

1st November 2017 – The Internal Auditor presented feedback to Full Council on the actions taken since the 2016/17 Management Audit and Internal Audit.

“Items that had been examined in the process included; proper accounting records, Financial Regulations and Standing Orders in place; risk assessment in place and reviewed; precept properly recorded; vat properly accounted for; salaries were in order; asset register up to date; bank reconciliations up to date; conformance with the Transparency Code.”

The Annual Return had been submitted and returned by Grant Thornton (the External Auditors) with no additional issues to find. The 2017/18 Internal Audit will continue with a half year assessment in November and the results will be reported back to a future meeting.

7th February 2018 - Council approved a Statement of Internal Control to sit alongside the Financial Regulations.

16th May 2018 – F&M Committee considered the Annual Governance Return, the Annual Accounting Return for 2017/18 and agreed to recommend that the Council approve it for submission to the External Auditors.

6th June 2018 – The Council approved the Internal Auditors Report, the Annual Governance Return, and the Annual Accounting Return for 2017/18, and to submit it to the External Auditors.

5th September 2018 – The Council considered the External Auditors report for the year ending 31st March 2018. Which stated “Although an adequate bank reconciliation was provided upon request, in future we recommended that the Council completed all parts of the bank reconciliation when following the example in our guidance”.

19th September 2018 – The Internal Auditor reported to the F&M Committee on the Internal Audit 2017/18. He clarified “that as part of the work of the Internal Audit, the following work was undertaken; Finance and Governance advice; check that the accounting records were on track through the year; Financial Regulations were up to date and being complied with; vat was accounted for and reclaimed; Risk Assessment was monitored and updated; the precept process is in order; petty cash float for the theatre was regularly checked; contracts and salary scales are in order; a review of the Asset Register; the Annual Governance and Accounting Return submission; transparency on the website.

The Annual Governance and Accounting Return for 2017/18 had been returned by Mazars (the External Auditors). There had been some changes in the way in which information needed to be recorded which had caused a misunderstanding re changing the Asset Register figures. All matters had now been addressed though. **Also, as part of the Annual Governance and Accounting Return submission, Mazars had undertaken an Intermediate Audit of the Council and there were no questions or qualifications on this”.**

To summarise the Council were assured six times by the Internal Auditor and three times by the External Auditors that the finances were in order. To reiterate, the auditors were qualified and experienced accountants, and the Councillors accepted their advice.

4 – Suspension, Disciplinary investigation and outcome.

April - November 2018 – The Clerk carried out investigations around discrepancies in material held by the Former Assistant Town Clerk. This was based on potential misconduct and other possible incidents of malpractice.

November 2018 – The former Assistant Town Clerk was absent from the Council.

At the beginning of December 2018 the former Assistant Town Clerk was suspended from duty.

While she was suspended, the Clerk arranged for access to the banking system and online payment records. Prior to then the Town Clerk did not have access to those systems.

23rd January 2019 – The Investigating Officers report was considered by the Council and it was agreed to deal with the matters through the informal stage of the Disciplinary Policy.

23rd January 2019 – The Town Clerk together with a Clerk from a neighbouring parish council who had been employed to provide temporary assistance to the Town Clerk, noted that reconciliations for November 2018 differed greatly from the information on the bank statements. Having discovered the suspected fraud, the Clerk notified the Chair of the Council and the local police.

30th January 2019 – The Council were informed of the suspected theft and fraud, and the initial investigation by the Chairman, the Clerk and the Internal Auditor. The Council agreed to suspend the former Assistant Town Clerk while the police investigation continued and to instigate the required procedures of the Disciplinary Procedure. Only one Cllr. voted against that course of action with two abstaining.

2nd February 2019 – The former Assistant Town Clerk was interviewed by the police and admitted to taking the money.

6th February 2019 – The Council appointed an Independent Investigating Officer to establish the extent of the fraud.

26th February 2019 – The independent Investigating Officer interviewed the former Assistant Town Clerk who again admitted to taking the money. At no part of these interviews was suspicion brought on any of the Town Councillors or staff. The former Assistant Town Clerk stated that she had acted alone.

26th February 2019 – The Council received the Report of the Investigating Officer. The Councillors unanimously agreed to dismiss Ms. Mason for gross misconduct.

5 – Summary of the fraud and theft.

Between 15th March 2017 and 10th December 2018, the former Assistant Town Clerk defrauded the Council of £218,418.05. The fraud went undetected for a period of time as duplicate fraudulent invoices were created to cover tracks, as were false bank reconciliations. The online banking authorisation had also been manipulated.

At trial she pleaded guilty to the offences.

She was subsequently sentenced to four years imprisonment.

It was subsequently learnt that she had also stolen from another parish council by forging cheque signatures.

6 – Actions to recover stolen funds.

The Council sought to recover funds through the Proceeds of Crime legislation.

6th January 2021 – The Council received £8,121.52.

7th April 2021 - The Council received £1,730.00.

21st June 2021 – The Council were informed that an order had been placed to recover a further £17,005.48.

The Council also sought to recover funds from the former Assistant Town Clerks Local Government Pension.

14th October 2021 – Staffordshire County Council Pensions authorised payment to Rugeley Town Council of £55,534.40.

To date £65,385.92 has been recovered with an order in force to recover a further £17,005.48.

8 – Actions taken to prevent fraud occurring in future.

Since the fraud, the Town Council have implemented a continued review and improvement of their Financial Regulations and procedures.

9 - Council Tax.

There has been no increase in the Council Tax as a result of the theft, and no attempt to recover the losses through the Council Tax. In three of the four years since the theft was discovered there was no increase, and once again for the coming year there will be no increase.