

Report of the Responsible Financial Officer

Assets Register Update

Background

1. As well as working with the Internal Auditor and External Auditor, your staff undertake regular reviews of key financial documents in preparation for the completion of the annual return.
2. One of the key documents is the assets register, which as a Local Council, Berwick Town Council is required to maintain. The register records the date purchased, cost and location of the assets. The register is important because it provides guidance for future financial planning by showing equipment that the Council should plan to replace and the potential cost of doing so.
3. A review checks both for accuracy of the current register and consistency with previous versions. Changes reflect the items owned by the Council; the disposal of items that are obsolete or unrepairable and the purchase of new and replacement items.

Update on additions and disposals

1. Additions to the register under the current review include a new photocopier and computer server, an additional laptop and additional Christmas lights. At the same time, the previous photocopier and server and some Christmas lights and a laptop that no longer worked, were recorded as being disposed of.
2. The Updating exercise has also revealed some inconsistencies, anomalies and historic omissions. These are identified below.
3. At present, Staff are beginning an exercise in allocating all assets a unique asset number and physically labelling/tagging all assets. This will make future maintenance of the asset register simpler, particularly in areas such as street furniture where it is difficult to track changes in litter bins and seats.
4. In turn, these revised procedures will improve and enhance the Council's capacity to effectively plan its future expenditure.

Issues

Assets purchased by Berwick Town Council and not recorded at the time of purchase

1. In summer 2016, Berwick Town Council commissioned the installation of CCTV cameras. At the time, these were not added to the asset register, which I consider was merely an oversight by a previous RFO.

Assets purchased by third parties but presumed to be maintained by Berwick Town Council.

2. During the Portas Project period market stalls and heritage / VM signs were acquired using funds from that project. The bids for the purchase of these assets were made by third parties and seem to have included the assumption that these assets would become the possession, and responsibility, of the Town Council. These processes were poorly

documented, but there is no escaping the fact that the council appears to have assumed the responsibilities and duties of ownership. In this situation, I conclude that they should be properly added to Berwick Town Council's assets register.

Past Inconsistency in maintaining the assets register

3. The issue of past Inconsistency in maintaining the assets register concerns the asset register for 2013-14. In that financial year a plot of land and associated building were transferred to Berwick Town Council, and thence transferred to Berwick Preservation Trust. The land in question had been acquired by way of a community asset transfer from Northumberland County Council for use as a store for the Berwick Parks Project; it was transferred for use as an ice cream parlour, with the renovation funded in part, we believe, by the Portas Project. There is no record of any money changing hands for the disposal.
4. The acquisition and disposal of the land should have been recorded in the Asset Register for that year, and should, in my view, have included a note of the council minute approving disposal, in order to demonstrate good practice. Further, because the disposal was for less than the value of the land, an explanation as to which of the reasons given under the General Disposal Consent circular of 2003 applied should have been added.
5. This circular sets out the steps that should be followed in land disposal and, in general, there is no evidence that any of the steps required under the circular were followed. For instance Para 9 states *"In determining whether or not to dispose of land for less than the best consideration reasonably obtainable, and whether or not any specific proposal to take such action falls within the terms of the Consent, the authority should ensure that it complies with normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer as to the likely amount of the undervalue. "*
6. Neither is there any evidence in your records that the land was advertised as to be disposed of in the local press as the circular suggests; nor is there any evidence of council resolving that it was satisfied that the disposal would be *"likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area; i) the promotion or improvement of economic well-being; ii) the promotion or improvement of social well-being; iii) the promotion or improvement of environmental well-being;... "*
7. There is no way of putting right these errors in regard to the parcel of land, and no definable loss to this council, although it should be noted that there are documents in our possession that suggest an individual had sought to buy or lease the building, suggesting that the end result of these transactions was a possible loss to the public purse equal to whatever the value of the land and premises was in 2013.

Recommendations

1. The committee note the update of the register and the ongoing improvements to future maintenance underway,
2. The committee recommend to council that the Asset Register be amended to include CCTV cameras, Heritage signs and market stalls, with the approximate acquisition date and value shown. Additionally, the register should include a note recognizing that these assets do not appear correctly in the register prior to February 2018, and
3. That committee recommend to council that they should consult the External Auditor as to whether any further actions are required in connection with these transactions in 2013-14.