

**Agenda Item: 9**

**Report to:** Audit Committee

**Date:** 26 June 2007

**Report from:** Deputy Chief Executive and Director of Corporate Resources

**Title of report:** **CASH COLLECTION – MISSING MONIES**

1. Attached for your information is a report that was presented to Cabinet on 11 June.
2. The Cabinet resolved unanimously –
  - **that the Council commits itself to using all the powers available to seek full payment of the missing monies. It also believes that an independent external review into the Council's dealings with ESSL is required to determine that the internal control mechanisms are adequate and were utilised appropriately in this case. It instructs the Chief Executive to arrange such a review, the timing of which and the choice of external agent to be decided in consultation with group leaders.**

## Agenda Item: 12

**Report to:** Cabinet

**Date:** 11 June 2007

**Report from:** Deputy Chief Executive

**Title of report:** **CASH COLLECTION – MISSING MONIES**

**Purpose of report:** To inform Cabinet of missing monies collected from on and off-street parking machines and action being taken to recover them.

**Recommendations:** That the report be noted.

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**Reason for urgency:- This matter is brought as a matter of urgency in order to advise Cabinet of the position.**

### **Background information**

1. Estate Southern Security Limited (ESSL) of Chatham, Kent, were contracted to; collect cash from the Council's "pay and display" machines, count this cash and bank it at the bank's nominated bullion centre. They were paid a fee for this service and at no time were they to do anything with the monies collected other than bank it on the Council's behalf. Officers noticed increased delays in time between the cash being collected and it reaching our bank account and so vigorously complained to ESSL and sought early payment of arrears. Officers were assured by ESSL that they would resolve the situation but they failed to do so. Officers, therefore, terminated the contract with ESSL and engaged an alternative contractor, who could provide a complete service.
2. We are aware that £243,824 has not been credited to the Council's bank account. For clarification, all sealed containers collected from Council offices have been banked and fully accounted for.
3. ESSL instructed insolvency advisors to assist the Company with a creditors' voluntary liquidation. It was, also, proposed that certain contracts would be novated to a new company with the same directors as ESSL.

## **Actions taken**

4. Officers have changed the contractor.
5. The Company has insurance cover and Officers have lodged an insurance claim.
6. The Borough Solicitor sought specialist legal advice and on 5 June the Council applied successfully to the High Court for the appointment of the Official Receiver as provisional liquidator of the Company. A specific term of the order is that the Official Receiver “ investigate the affairs of the Company including what happened to the monies belonging to Hastings Borough Council entrusted to the care of the Company.” The appointment of the Official Receiver overrides the authority of the voluntary liquidation.
7. Officers have reported the incident to the Police who have taken an active interest.

## **Conclusion**

8. In view of the last two actions above namely the involvement of the Police and the Official Receiver, Officers are prevented from commenting further at this time but will do so when permitted to do so.

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## **Appendices and background documents:**

None

## **Policy implications**

Please tick if this report contains any implications for the following:

Equalities & Community Cohesiveness	<input type="checkbox"/>
Crime and Fear of Crime (Section 17)	<input type="checkbox"/>
Risk Management	<input type="checkbox"/>
Environmental issues	<input type="checkbox"/>
Economic / Financial implications	<input type="checkbox"/>
Human Rights Act	<input type="checkbox"/>
Organisational Consequences	<input type="checkbox"/>