

Report of Treasurer's Concerns July 2020

The role and the authority of the treasurer is clearly laid down in the constitution and the accompanying duties and responsibilities, together with liabilities inherent in the role, demand that where serious deviations from accepted practice occur they are corrected and reported to the governing body.

While the Treasurer's full responsibility for the financial management of the association is reflected in, and supported by, the terms of the Constitution it is with regret that I have been forced to bring these issues for resolution by a meeting of Central Council/ SGM.

It had been hoped that adherence to the constitution, recognition and acceptance of appropriate, and standard, financial checks and balances together with ethical management of appropriate advertising on the SHA website would be achieved by a functioning executive that placed probity and legitimacy, highest amongst its concerns. A forum consisting of the executive officers together with the four vice chairs would have been the appropriate arena for these matters to be explored and resolved.

Financial management, and the financial status of the SHA have been causing widespread concern for some time. I consider resolution of these longstanding issues to be primary so, following my election as Treasurer on February 29th 2020 I set about this task. As newly elected Treasurer I had expected a straightforward transfer of documents, records, and authority.

Lockdown prevented meeting to discuss existing records and to transfer essential documentation. Electronic communication and, initially telephone conversations and zoom meetings between the chair, the secretary, the temporary administrator, and the treasurer were maintained.

The first wave of information provided referred to the previous, not the current, financial year. Up to date information had to be requested and extensive, labour-intensive reformatting was required when data was received.

Eventually, from the subset of information acquired, reformatted, and examined by the treasurer it became clear that current financial and administrative systems operational within the SHA are dysfunctional and not fit for purpose.

This report draws Central Council's attention to several issues.

Clause 7 of the Constitution provides:

"The Honorary Treasurer shall collect all money due to the Association and shall be the custodian thereof. All cheques on the Association's bank account shall be signed by two authorised officers. The funds of the Association shall be paid into the Co-operative Bank. The Association's financial year shall be from 1 January to 31 December. No member or Branch shall incur expense on behalf of the Association except with the written authority of the Treasurer."

In contravention of the constitution, only two of three financial accounts are controlled by the treasurer. Difficulties with the Co-operative Bank have now been resolved. The management of that account is relatively straightforward and unproblematic.

1. Examination of data extracted from files transmitted by the temporary administrator indicate, however, that there are disturbing anomalies in the management and administration of a third, a linked, PayPal account. Contrary to clause 7 of the constitution, Association Funds have been and continue to be paid into & out of this PayPal account. The Treasurer has no control over or access to this account which is in contravention of the Constitution.
2. Central Council is also asked to address potentially serious concerns regarding SHA's incomplete and inadequate compliance with GDPR requirements. Breaches of GDPR carry legal and financial penalties (up to 4% of the preceding year's income). The controllers of GDP within an organisation, in this case the secretary and temporary administrator, are further liable to prosecution if it is found that compliance procedures contravene the terms of the GDPR. Despite repeated requests the treasurer has not been able to verify that the records compiled by SHA do comply with the stringent demands of GDPR.
3. Concerns have also been raised about the appropriateness of SHA advertising policy and fees charged for website advertisers. Failure to explore these concerns appropriately were dismissed on the basis of financial expediency in an email to me by the chair. The temporary administrator's response to this query is posted in **3a** below. This has not been reviewed since 2013 and full control has been ceded to a temporary independent contractor and, to my knowledge, no reports to central council have been, or are regularly, filed.

1a SHA PayPal Account

This unconstitutional PayPal account was established in 2010 and is still operational now, unmodified, even though the temporary administrator was brought on board specifically to correct inherent dysfunctional systems.

With the support of the chair, the secretary and the temporary administrator retain control of this unauthorised and unmonitored account. Concern about a large financial account that is not directly visible to the treasurer and by extension to central council, is compounded by the fact that the administrator and secretary have, over an extended period, regularly withdrawn fees and expenses from this account without seeking the authorisation and approval demanded by the constitution. I would have preferred not to have presented this issue to central council and that it had been satisfactorily resolved by the executive officers and vice chairs. Unfortunately, the chair, secretary and temporary administrator refuse to allay these concerns by transferring control of this account to the treasurer.

Please note while I am not alleging any malfeasance, examination of the records passed to the treasurer show, for example,

That the temporary administrator's withdrawal of fees can be erratic, with two withdrawals on some months and none on others. Invoicing is not detailed, and dates and hours worked are not provided. Authorisation of expenses and fees is not recorded and records of requests to central council have not been provided.

E.g. in January 2019 records provided to the Treasurer show total withdrawal of fees and expenses by the secretary and temporary administrator of £2809.00. Payment of £14,000 in total in fees is recorded in 2019 while the agreement written and submitted by the temporary administrator stipulated fees of £1000 per calendar month.

There is an inconsistency in the records passed to the Treasurer for 2020 in that one withdrawal occurring on the original document submitted does not appear on the reformatted document that followed.

No confirmation that all funds transferred were authorised by the treasurer, as demanded by the constitution, nor when the arrangements concerning the PayPal and these transfers, were taken to Central Council for their oversight, approval and review has been supplied.

That the flow of information to the treasurer and that the current operational financial systems and procedures are dysfunctional and not fit for purpose is further evidenced by the email reproduced below.

The current system is stressful, inefficient and does not support any elected treasurer in the discharge of their duties and responsibilities

In conclusion here, financial accountability, transparency, control, and oversight of the SHA PayPal account is weak, and the account's management and administration are irregular and unconstitutional. In short, neither the secretary nor the temporary administrator should have any control over the Association's funds or bank accounts.

"From: [SHA admin](#)

Sent: 21 July 2020 17:41

To: [Irene Leonard](#); brianfisher36@btinternet.com

Subject: Fwd: Re: Can you send Irene PayPal details monthly, please?

Hello Irene,

It would appear that you have not been receiving all the monthly PP data, statements and spreadsheets that I have compiled. I sent them to Brian and assumed that he would forward to you. It would appear that he thought I had sent them. So Sorry.

I have the June PP only Income and expenditure spreadsheet ready and have downloaded a PP June monthly statement.

As previously agreed, I transferred the whole PP balance to the SHA Co-op bank account on 02/07/2020 and have paid in £145 in cheques on 07/07/2020.

I downloaded all the PP available monthly statements (June 2018 to June 2020) and zipped them up. Doesn't look like you have been sent them either. If you think anything is missing, please let me know. Obviously at the end of July, I will compile the PP income and expenditure and download a July monthly statement (available after the 2nd of each month) and transfer the PP balance.

Regards,

Ken Smith

The PP balance as at now is £428.27"

**My italics*

2a SHA's Compliance with GDPR

It has been publicly reported that the SHA commands a large data base of contacts and supporters. Control over the privacy of this database was frequently cited as reason to deny the elected Treasurer access to the PayPal account. While denial of the Treasurer's right to access to PayPal can be disputed the absolute necessity that SHA conforms fully to the demands of GDPR is indisputable.

Breaches of this regulation can result in legal and financial penalties (up to 4% of the previous financial years income). The operators of the GDPR, in this case the secretary and temporary administrator are, also legally liable for breaches of this legislation and can face prosecution.

It is of categorical importance that SHA knows what personal data we hold, why we need it and that:

We carefully consider and can justify how long we keep personal data.

We have a policy with standard retention periods where possible, in line with documentation obligations.

We regularly review our information and erase or anonymise personal data when we no longer need it.

We have appropriate processes in place to comply with individuals' requests for erasure under 'the right to be forgotten'.

We clearly identify any personal data that we need to keep for public interest archiving, scientific or historical research, or statistical purposes.

Unfortunately, the temporary administrator's response to my request for clear, detailed, dated confirmation of compliance was merely to direct me to the website.

"All above covered by our Privacy policy.

<https://www.sochealth.co.uk/the-socialist-health-association/legal-and-political-note/privacy-policy/> "

I utilised the hyperlink to our privacy policy and consider it to be inadequate. It lacks clarity and is couched in extremely general terms. This general statement does not answer concerns about the comprehensiveness of our records and legitimacy of our data base.

It is dated very recently, June 1, 2020 and it is not clear, therefore, when it was presented to a meeting of Central Council before it is presented for ratification at the AGM.

It is paramount that Central Council can confirm our current administrative processes have documentary, accessible, auditable evidence that positive confirmation has been received, dated, and recorded for all those on the data base that are not paid up members. Central Council should be aware of the total size of this active, consenting contact list and the implication of that for the terms of GDPR.

To test the transparency and accessibility of our systems please provide I requested links to view, review and edit my own data stored by SHA but have not yet had a reply

3a Current Website advertising

I am uncomfortable with the reply provided and reproduced below in that the SHA accepts regular payments from organisations, places the service purchased in an inaccessible section of the site on the basis that the advertisers themselves are only interested in the algorithms. This does not appear to conform to the founding principles and to the ethics of the association and is an issue that must be taken in full to the membership for their consideration. It is also of concern that this policy has not been reviewed since 2013 nor that the income from this site is falling while administrative costs are increasing. (See finances below)

“THE Guest BLOGS

The guest posts bring in £9K a year, overall. The practice has been continuing for many years. It is unclear when it began.

<https://www.sochealth.co.uk/2014/01/01/report-sha-website-2013/>

The client/company pays a one-off fee for their blog to be placed on the SHA website. It is not on the homepage and is buried deep in the website, so any ordinary user of the SHA website is very unlikely to see it, even if they click on the section called “Advertisements” which only hosts old sponsored blogs. The guest blog is findable if someone searched specifically for it. For instance, if you searched for “3 Ways the Coronavirus Pandemic Can Interrupt Anorexia Nervosa Recovery” you would find the sponsored blog buried in the SHA website.

Note : The “Advertisements” link in the left sidebar has now been removed completely.

The company is not interested in any member of the public seeing the post for which they pay. Their Google ratings rise if they link to other websites. The more hits our website receives, and our website is receiving an increasing rate, the more sponsored posts requests are received. The client is given a direct link to the article and they then add that link to whatever platforms they are using.

I reply to any company requesting a sponsored blog to be placed on our website as follows:

We charge £30 to publish a supplied post/article and we charge £20 per link into an existing article on our website/blog. We use PayPal to generate our invoices.

Guest/sponsored posts will not be readily viewed by website users. Posts are not on the Home page but in various folders within a special folder. A direct link will be provided.

All content and links are checked for suitability. We will not accept posts that promote links or content for:

- *Gambling, casino*
- *Adult links or content.*
- *Pay Day loans content*
- *Private Hospitals/Clinics in the UK.*
- *Cigarette smoking*

Please send full contact details (Address/email/contact name, etc) for adding to our advertiser database.

Regards,

Ken Smith

I check all the links and follows the trail to ensure that they are appropriate and in line with our aims and beliefs. Any found to be inappropriate are rejected. The advertiser are mostly professional link builder specialists as no amateur blogger would be willing to pay our fee.

There are some longstanding clients would have negotiated lower prices with the previous admin but he still rejects any inappropriate subject/link/text.

An example of me replying to an inappropriate request is here: “Sorry, under no circumstances will we host any adult material, nor any gambling or casino related content. Please do not ask again and remove any contact info you have for the Socialist Health Association.

Regards,

Ken Smith (SHA Admin)”<https://www.sochealth.co.uk/the-socialist-health-association/meetings-central-council/sha-website-brief/> <https://www.sochealth.co.uk/2013/11/04/welcome-new-sha-website/>

Financial Position

It is good to report that despite the withdrawal of union affiliation monies, the absence member's expenses, has meant that the current Co-Operative funds have restored current account balances to their previous level. The SHA will, however, must consider altered forms of raising and assigning funds in future

- 1 There were extraordinary, non-recurring expenditures in 2019. SHA has now recovered from this
- 2 Lockdown has meant that electronic communication has drastically reduced expenditure. It also means that with minimal call on our Co-op account income, finances will have returned to earlier levels of solvency despite unresolved union affiliation. (Please note that I cannot evaluate the income stream arising from the PayPal account)

Negotiations with the unions are being conducted by our chair, but restitution of funds not been achieved

- 3 The accounts indicate that historically the largest proportion of SHA funds has been allocated annually to:

Members expenses

Costs associated with attending Labour Party Conference and hosting Fringe Meetings

Administration Support Costs.

- 4 The web continues to bring in funds to SHA, but the nature of the paid subscribers is unclear, and the service provided to them by SHA is clouded.

Recorded income from the web fell by £1,217.19 in 2019 (from £9602.29 to £8385.10) while cost rose over the same period from £904.60 in 2018 to £1488.19 in 2019.

- 5 Central Council will have to consider how to support and fund the following uncosted and largely unstructured proposals:

an Increase and improvement of the regional branch networks.

This is welcomed and supported but uncosted and current arrangements for branch fund accounts demand that annual financial statements are forwarded at the time of the branch AGM and that all expenditure is authorised by the treasurer.

new campaigns,

improvements to the web

new forms of publicity and promotion

the transition to limited company status.

- 6 It is essential that the SHA reviews established spending patterns and tightens its procedures for the accountability, the recording, monitoring, and spending of funds. New demands will inevitably cross multiple domains and require varying amounts of time and levels of expertise. This demands collective, collaborative action and democratic accountability within the organisation.

CURRENT ACCOUNT BALANCE CO-OP

<u>DATE</u>	<u>OPENING BALANCE</u>	<u>CLOSING BALANCE</u>	<u>DATE</u>
02/03	7834.64	11033.09	31/03
01/04	11035.09	10623.03	30/04
01/05	10648.53	11148.43	31/05
01/06	11148.43	11884.14	30/06

DATE **EXPENSES****MARCH**

16/03 75 Cheque

APRIL

03/04 100 PayPal

06/04 94.95 Cheque

1226.77 AGM Members expenses

341 Payment to Friends Meeting House Manchester.

MAY

04/05 63.50 Cheque

14/05 225.00

23/05 60.80

JUNE

01/06 18.60 Cheque

04/06 153

26/06 1000 Fees

Recommendations

1. The financial integrity of the association needs to be protected and embedded in the Financial Standing Orders of the new constitution following presentation to and approval of the membership at an annual general meeting or SGM
2. The respective authority, roles duties and responsibilities of all executive members must be clearly delineated and systems for monitoring and review of the executive put in place.
3. There should be no obstacles encountered by the elected treasurer in the discharge of his/her responsibilities.
4. All roles and activities, the web, media, administration, technical support must be fully costed, and all associated expenditure must be supported by clearly documented evidence. These items must be regularly reviewed and approved by Central Council.
5. All income generated from the web must accord with the socialist principles of the organisation and details of subscribers must be taken to central council for approval.
6. That the SHA appoints a subcommittee of people who know about/have experience in GDPR to be responsible for reviewing GDPR compliance regularly (or when necessary) and reporting back to Central council at least annually.
7. The SHA requires auditable confirmation of an accessible audit trail, detailing where consent came from, the messaging that the contact was responding to at the time consent was requested and the time and date of capture.
8. All members and delegates attending funded events must provide written reports to central council and those reports must be placed on the websites for members approval and information,
9. Consultants and/or employees of the association must be directly responsible to the membership through the executive and central council, and must provide written, detailed quarterly accounts of the work conducted and provide an annual report to the AGM.
10. Full and regular financial reports should be presented to Central Council for discussion and approval before being signed off.
11. The funding of regional branches, and monies held by regional branches, must be agreed by Central Council, and written into the constitution. A schedule for the regular review of these arrangements must be incorporated and adhered to.
12. The primary campaigns and activities of the Association must promote and progress its fundamental socialist principles. An annual budget to be agreed and voted upon at the AGM.
 - (i) Membership fees
 - (ii) Affiliations
 - (iii) Sponsorship and donations
 - (iv) SHA sponsored and organised events, the web etc
 - (v) Branch and national campaign and fund-raising activities
13. Given our vastly altered social and political landscape the nature and form of SHA interventions may require that monitoring, publicity, and fundraising committees be established with national and regional representation and reporting to central council for authorisation and approval. All costs must be taken to Central Council and all spending authorised by the elected treasurer in advance.

Irene Leonard
Treasurer SHA

