

**RFO / FWG Report to PC Meeting 20<sup>th</sup> June 2024**

**Finance Working Group Members:** Karen Ripley (Responsible Financial Officer); Cllr Nick Brown; Cllr Sean O’Hara; Cllr David Todd

The Finance Working Group met several times between March and June 2024 – this report is a summary of the discussions, considerations and conclusions of those meetings.

**Documents provided to members:**

- 1) *Accounts Management Reports (computerised accounts programme):*
  - i) *Income and Expenditure Report* – detailed report of income and expenditure under each head of budget to 31/3/24, showing actual expenditure against that planned in the budget (Financial Regulations 4.8 refers) and funds unspent at end of year.
  - ii) *Budget Detail Report* – detailed report showing 23/24 precept figures against each head of budget, brought-forward amounts from 22/23, all virements made during 23/24, precept figures for 24/25.
  - iii) *List of Earmarked Reserves* – showing all movements to and from reserves, with notes.
- 2) *Asset Register as at 31/3/24*
- 3) *Summary of Budget Surplus at 31/3/24 and details of amount to carry forward to 24/25.*
- 4) *Summary of Reserves and Contingencies at 31/3/24.*
- 5) *Financial Statements for the year to 31/3/24: Income and Expenditure Account and Balance Sheet, with supporting Cash and Investment Reconciliations* – with Clerk’s annotated notes.
- 6) *Annual Governance & Accountability Return 23/24 (AGAR):* Section 1, Annual Governance Statement; Section 2 Accounting Statements (completed /signed by RFO).
- 7) *List of Creditors and Accruals at 31/3/24.*
- 8) *Budget Movements at year-end* – spreadsheet showing proposed movements.

**1. BANK RECONCILIATIONS**

Monthly bank reconciliations are verified, with sight of the bank statements (and direct access to view the bank account), as part of the monthly payment review by a Member of the FWG (for the previous month). To date, bank reconciliations have been verified for each account up to and including 31/3/24. The current year cannot be entered on to the system until the year-end process is complete, so verification of the reconciliations for April and May will be reviewed as soon as feasible.

**2. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROLS (Financial Reg. 1.5)**

This has to be carried out annually and is one of the ‘assertions’ made by Members in Section 1 of the Annual Governance and Accountability Return (AGAR). The last review was carried out by Cllr Todd in October 2023, which means that the Council can answer yes to Question 2 in Section 1 of the AGAR. The next review will be carried out before the PCM in September.

A review of Financial Regulations was carried out in November 2022 and approved/adopted at PCM 21/11/22 (Minute ref. 22/23-81bi). It was agreed that these should be reviewed, to reflect the new public procurement thresholds that took effect in January 2024. NALC has also issued new model Financial Regs. Cllr Todd is considering the changes necessary, with a view to taking revised Financial Regulations to Council for consideration/approval in July 2024.

### 3. ASSET REGISTER (Financial Reg. 12.6)

This has been completed on the required basis for parish councils (items listed at cost, with no depreciation; disposed and new items recorded). The figure is not included in, and does not affect, the accounting records (balance sheet), but the total is included in the AGAR Section 2 Accounting Statements, for the Auditor.

Whilst the current Asset Register is sufficient for audit requirements and detailed information of the assets summarised on the register are held in further documentation, for practical working and transparency reasons the Council has approved purchase of the RBS Asset Inventory Management Software, to hold all information in one place. The Clerk has started the process of setting up the system, which will be completed (including training for the Clerk and Asst. Clerk), as and when time allows over the next few months.

### 4. RISK MANAGEMENT

The Risk Management document is being updated by the Clerk. It will be forwarded to the FWG for consideration and comments, ready to take to Council on 20/6/24 for approval.

### 5. YEAR END POSITION 23/24

#### Budget Movements at Year-end

FROM			TO		
BUDGET CODE	DESCRIPTION	AMOUNT	BUDGET CODE	DESCRIPTION	REASON
<b>Movements to Earmarked Reserves 31/3/24</b>					
4017/101	Office upgrades	500.00	340	EMR Office upgrades	Build fund towards new I.T. items
4071/307	Royal events	300.00	353	EMR Commemorative	Build fund
4081/307	Tree Surveys/Insp.	2,000.00	354	EMR Tree surveys/Inspections	Tree surveys required
4131/313	Playgrounds capital	2,000.00	335	EMR Playground Capital	Build fund for future repairs/replacements
		<b>4,800.00</b>			

#### The following unspent amounts will be carried forward to the 24/25 budget

				£
307	OTHER AMENITY			
	4,070	Working Contingency	balance 23/24	1,237.00
	4,072	Summer Event	balance 23/24	711.00
101	ADMIN			
	4,007	Conferences and Training	Low precept 24/25	450.00
	4,020	Misc. costs	Need to do Newsletter	230.00
304	CEMETERY			
	4,020	Misc. costs (for rubbish bin)	Move to 4075/307 Misc.Amenity	900.00
310	STREET FURNITURE			
	4,077	Grit bins	Working reserve	2,000.00
313	STATION RD PUBLIC TOILETS			
	4,063	Electricity	Budget uncertain 24/25	250.00
	4,064	Water supply/waste	Budget uncertain 24/25	1,000.00
314	VILLAGE STEWARD			
	4,003	Mileage	Nil precept 24/25	450.00
	4,020	Miscellaneous costs	Nil precept 24/25	360.00
	4,024	Materials	Nil precept 24/25	450.00

**Financial Statements 23/24** – the statutory Income & Expenditure Account and Balance Sheet have been compiled from the accounting records. Operating income is significantly down this year, due to receipt last year of the loan from PWLB for the lighting project and the grant from South East Water for the playground. Completion of these projects in the current year means expenditure significantly increased in 23/24, mainly reflected in the Capital Schemes figure. We also appointed a new Village Steward, having not had one at all during 22/23.

We submitted a VAT claim of £20,182.25 up to the end of December, which was received in January. We submitted a further claim for January to March of £970.70 and this has been received.

The final budget position for 23/24 (Income & Expenditure Account) showed an unspent total of £18,309. This includes £1,948 of specific purpose funds: Working Contingency £1,237, Summer Event £711. £6,090 represents committed, approved or anticipated expenditure, with a remaining general surplus balance of £10,271 to carry forward to Working Contingency for 24/25. (Financial Reg. 4.3). Details can be seen in the supplementary document: *Summary of Budget Surplus*.

**Reserves and Contingencies** - when the Working Contingency surplus (£1,237) has been carried forward, and the balance of general surpluses at year-end added (10,271), the resulting Working Contingency balance will be £11,508 for 24/25. This is lower than for 23/24. Reserves have been reduced through the year due to allocation for some specific projects, including additional costs for new Village Steward, a second VAS, and CCTV for the Station Road car park. There was no specific amount included in the precept for 23/24 for contingency/reserves.

Details of reserves can be seen in the supplementary document: *Summary of reserves and contingencies* at 31/3/24 which details funds held in Earmarked Reserves for specific purposes, contingency reserves and Working Contingency.

**Internal Audit** – this took place on 1/5/24 after completion of all the above documentation and the Annual Governance and Accountability Return (AGAR) had been completed and signed by the Clerk/RFO. The Auditor's Report has been received; it consists of the completed and signed page 3 of the AGAR plus a written report, and both will be submitted to the External Auditor with the AGAR, once the PC has considered and signed it off (PCM 20/6/24). No issues were found that required attention or noting on the AGAR. All Internal Control Objectives, as listed on Page 3 (Internal Auditor's Report) of the AGAR, had been satisfactorily met, and the Internal Auditor completed and signed the form accordingly.

In his written report, the Internal Auditor made some minor recommendations for the future, which he felt would improve clarity and therefore controls. These are only recommendations, *not* concerns that required noting for the External Auditor on the Annual Return (AGAR). They will be considered by the RFO / FWG in due course.

### **Annual Governance and Accountability Report (AGAR)**

- AGAR Section 1, Governance Statements – nine questions which have to be considered and answered by all Members at the PCM on 20/6/24, in respect of the year to 31/3/24. The RFO / FWG consider that all can be answered positively.

- AGAR Section 2, Annual Accounting Statements – The RFO / FWG is satisfied that the figures have been correctly prepared from the financial statements at 4 above, and present fairly the financial position of the Council at 31/3/24.

## **6. APPOINTMENT OF INTERNAL AUDITOR 24/25 (Financial Reg. 2.5)**

The RFO / FWG recommends that Keith Robertson be re-appointed as Internal Auditor for 24/25. He has advised that he is willing to do it.

## **7. GRANT REQUEST**

A request has been received from the Scouts for a grant towards a trip to Gibraltar for the older Explorer Scouts in July. As this takes place before the next ordinary full meeting of the Council, Members agreed it should be included for consideration on the Agenda for the Accounts Meeting on 20/6/24.

### **Recommendations by the FWG for Parish Council Meeting 20/6/24:**

- To receive this RFO / FWG Report (Agenda item 28).
- To approve the Risk Management Document as presented (Agenda item 29).
- To approve the Asset Register as presented. (Agenda item 30).
- To approve the year-end budget movements, surplus and carry forwards (as detailed in the separate summary of surpluses 23/24) for Working Contingency, Summer Event and various other budget heads to cover outstanding, approved or scheduled items or works, and the remaining general budget surplus to Working Contingency (Financial Regulation 3.5 refers). (Agenda item 31a).
- To approve the Income & Expenditure Account, Balance Sheet and Bank Reconciliation as presented. (Agenda item 31b).
- To receive the Internal Auditor's Report 23/24 (including page 3 of AGAR). (Agenda item 32a).
- To answer positively the assertions in the Annual Governance Statements at Section 1 of the AGAR 23/24. (Agenda item 32b)
- To sign off the Accounting Statements at Section 2 of the AGAR. (Agenda item 32c)
- To approve appointment of Keith Robertson as Internal Auditor for 22/23 (Agenda item 33).
- To consider a grant for the Explorer Scouts towards their forthcoming trip to Gibraltar (Agenda item 34).

**Date of next FWG meeting: TBA**