

FWG Report to PC Meeting 20th June 2022

Finance Working Group Meeting 16th June 2022, 5.15pm – Notes of meeting

Present: Karen Ripley (Clerk/RFO); Cllr Nick Brown; Cllr Sean O'Hara; Cllr David Todd

Meeting held remotely, via Zoom

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 31/3/22, 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 21/22 precept figures against each head of budget, brought-forward amounts from 20/21, all virements made during 21/22, precept figures for 22/23.
 - iii) *List of Earmarked Funds.*
- 2) *Asset Register as at 31/3/22*
- 3) *Summary of Budget Surplus at year end (31/3/22) and details of amount to carry forward to 22/23.*
- 4) *Summary of Reserves and Contingencies at 31/3/22.*
- 5) *Financial Statements for the year to 31/3/22: Income and Expenditure Account and Balance Sheet, with supporting Cash and Investment Reconciliations.*
- 6) *Annual Governance & Accountability Return 21/22 (AGAR):* Section 1, Annual Governance Statement; Section 2 Accounting Statements (completed /signed by RFO).
- 7) *Reserves reconciliation* – showing the difference between box 7 & 8 on the AGAR
- 8) *Earmarked Funds Summary* – showing movements to and from EMF during the year, with explanatory notes.
- 9) *Bank Reconciliation 31/3/22* with details of uncashed payments
- 10) *List of Creditors and Accruals at 31/3/22.*

Documents available / referred to:

1. *All accounts and financial documents and records, Clerk's working papers, Minutes Book and all reference materials.*

1. BANK RECONCILIATIONS

The Clerk/RFO confirmed that:

- reconciliations have been completed to 30/4/22 for account 1 (Unity Trust Current account) and to 31/3/22 for all other accounts.
- Reconciliation Reports and bank statements have been reviewed by a FWG Member up to 30/4/22 for account 1 (current account), to 31/3/22 for account 2 (deposit account), and up to 31/12/21 for account 4 (Hodge Bank).

2. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROLS

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). Cllr Todd confirmed that the review had been carried out that he was satisfied that the Council could answer yes to Question 2 in Section 1 of the AGAR.

A review of the Financial Regulations was discussed (last reviewed 2019/approved Jan 2020). There are no major changes anticipated and it shouldn't be an onerous task. It was agreed the review should be completed in time to put to full Council for approval in September 2022.

3. ASSET REGISTER (Financial Reg. 12.6)

This was reviewed and the Clerk/RFO explained that it had 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 Annual Governance and Accountability Return (AGAR) Section 2 Accounting Statements, for the Auditor. Members were happy to recommend approval of the figure of £302,367 (an increase of £3,565 on last year, mainly attributable to new bridges).

Whilst not an audit requirement, the ongoing intention, for practical and transparency reasons, to substantially upgrade the Register to show further details of locations, current values and insurance values was discussed. The Clerk/RFO had looked at options regarding assets, and had suggested using the RBS Asset Inventory Management Software. This enables the creation of an Inventory to keep records of all Assets, with the following key features:

- Asset Inventory links to Annual Return to update Fixed Asset figure at Year end
- Unique Identification Number, Asset Description, Serial Number and photo
- Original Cost, Current Value, Insurance Value
- Asset Suppliers Details, Asset Location – GPS Coordinates
- The date the Asset was acquired / disposed of
- Grouping of Assets to identify the type e.g., equipment, Land

Members had looked at the details and quote provided by RBS to the Clerk, and agreed this would be a good option. It was agreed that purchase of the software (£221.25), annual licence fee and support (£121) and two hours online training (£35 per hour) for the Clerk and Assistant Clerk be recommended to full Council.

The work/time involved to set up and initially populate the software was discussed. It was agreed that outside help may be required to reduce the load on the Clerks. The Clerk suggested that if approved, we purchase and install the software and complete the training, and the Clerks can then assess the requirements, so a decision can be made.

4. YEAR END POSITION 21/22

Internal Auditor's Report this was considered. No issues were found that required attention or noting on the annual return and his Report was positive. All Internal Control Objectives, as listed on Page 3 of the AGAR, had been satisfactorily met, and it had been completed and signed accordingly by the Internal Auditor.

The Internal Auditor made some recommendations for the future, which he felt would improve clarity and therefore controls. The Clerk clarified that these are recommendations and not concerns that required noting for the External Auditor on the Annual Return (AGAR). In relation to Budgeting and Precept (Auditor's Report, section D) he suggested defined numerical forecasting of income, spend and reserves for the full year, to confirm any expected variances from budget. Also, that supporting calculations be made available in the budget documents for I&E (currently held by the RFO in a separate working documents file). He also recommended that (as already planned by the FWG) a summary level forward three-year plan be produced (based on assumptions, if no strategic plan is available).

Members requested that the RFO consider the Internal Auditor's recommendations, and report back to the FWG as to how and when they will be actioned.

Financial Statements 21/22 - the final budget position for 21/22 showed an unspent total of £37,547. This includes £6,660 of specific purpose funds: General Contingency £2,745, Summer Event £711, Platinum Jubilee £1,500 and Youth Projects £1,704. £17,724 represents committed, approved or anticipated expenditure, with a remaining general surplus balance of £13,163 to carry forward to General Contingency for 22/23. (Financial Reg. 4.2)

Members were satisfied the level of reserves are within recommended levels. When the 'working' General Contingency has been carried forward, and the balance of general surpluses at year-end added, the resulting General Contingency balance of £15,908 for 22/23 is significantly lower than at the start of 21/22, but this was anticipated, following completion of some major projects (car park fence, 2 new bridges, Cemetery fencing and gates, Cemetery entrance resurfacing).

Details of carry-forward amounts and reserves can be seen in two supplementary documents;

- **Summary of budget surplus** at year end (31/3/22) which details amounts to carry forward.
- **Summary of reserves and contingencies** at 31/3/22 which details funds held in Earmarked Reserves for specific purposes, contingency reserves and working (General) contingency.

The lack of any specifically allocated funds for improvements to the Cemetery was discussed. A review (increase) in the fees is required and Members suggested that this be carried out as soon as possible and any increased income over budget should be allocated to a fund for this purpose.

Annual Governance and Accountability Report (AGAR)

- AGAR Section 1, Governance Statements – Members reviewed the nine questions which have to be considered and answered by all Members at the PCM on 22/6/22, in respect of the year to 31/3/22. It was felt that all could be answered positively.
- AGAR Section 2, Annual Accounting Statements – Members were satisfied that the figures had been correctly prepared from the financial statements at 4 above, and present fairly the financial position of the Council at 31/3/22.

5. APPLICATION FOR CAMBRIDGE & COUNTIES 95 DAY BUSINESS NOTICE ACCOUNT

Details for the account were discussed. Cllr Todd confirmed that two signatories are required for all matters, including to change the nominated bank account and to withdraw funds (can only be paid to the nominated bank account.) The nominated bank account will be the Unity Trust Current Account and a cheque for £10,000 (the minimum deposit) will be made to open the account. It was agreed that interest should be credited to the C&C account. The Clerk will complete the current application form (showing an interest rate of 1.30% Gross /AER (monthly 1.29%) Variable) for signature by the three FWG Members (signatories) at the PCM on 20/6/22.

6. FURTHER (THIRD) BANKING INSTITUTION

Cllr Todd suggested the Clerk investigate Aldermore Bank. He had not had any experience or dealings with this bank, but it had been recommended by a third party.

7. APPOINTMENT OF INTERNAL AUDITOR 22/23 (Financial Reg. 2.5)

Members were happy to recommend that Keith Robertson be re-appointed as Internal Auditor for 22/23.

Recommendations by the FWG for Parish Council Meeting 20/6/22:

- To receive these FWG Notes of Meeting 16/6/22 (Agenda item 29).
- To approve the Asset Register as presented. (Agenda item 30).
- To approve purchase of RBS Asset Inventory Management Software as detailed in 3 above (Agenda item 30).
- To approve the year-end surplus and carry forwards (as detailed in the separate summary of surpluses 21/22) for General Contingency, Summer Event, Youth Projects and various other budget heads to cover outstanding, approved or scheduled items or works, and the remaining general budget surplus to General 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 21/22 (including page 3 of AGAR). (Agenda item 32a).
- To answer positively the assertions in the Annual Governance Statements at Section 1 of the AGAR 21/22. (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.

Date of next FWG meeting: Monday 11th July 2022 at 5.30pm, via Zoom (to allow time to report to the PCM on 18 July 2022).