

RFO / FWG Report to PC Meeting 20th June 2019**Finance Working Group Meeting 17th June 2019, 7pm – Notes of meeting**

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

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 31/3/19, showing actual expenditure against that planned in the budget (Financial Regulations 3.3 refers) and funds unspent at end of year.
 - ii) *Budget Detail Report* – detailed report showing 18/19 precept figures against each head of budget, brought-forward amounts from 17/18, all virements made during 18/19, precept figures for 19/20 and suggested carry-forward amounts 18/19 to 19/20.
 - iii) *List of Earmarked Funds.*
- 2) *List of receipts and payment for March 2019.*
- 3) *Draft Risk Management and Draft Financial Risk Management Documents.*
- 4) *Asset Register as at 31/3/19.*
- 5) *Summary of Budget Transfers at year end (31/3/19).*
- 6) *Summary of Budget Surplus at year end (31/3/19) and details of amount to carry forward.*
- 7) *Summary of Reserves and Contingencies at 31/3/19.*
- 8) *Financial Statements for the year to 31/3/19: Income and Expenditure Account and Balance Sheet, with supporting Cash and Investment Reconciliations.*
- 9) Annual Governance & Accountability Return 18/19 (AGAR): Page 3 Annual Internal Audit Report (completed); Section 1, Annual Governance Statement; Section 2 Accounting Statements (completed).

Documents available / referred to:

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

1. ASSET REGISTER 31/3/19

This was reviewed and the Clerk/RFO explained that it has been completed on the recommended basis for parish councils (items listed at cost, with no depreciation; disposed and new items recorded). The figure is not included, and does not affect, the accounting records (balance sheet) but is included in the Annual Governance and Accountability Return (AGAR) Section 2 Accounting Statements, for the Auditor.

2. RISK MANAGEMENT DOCUMENTS

The document has been amended this year to record additional specific financial risk assessment carried out. It will need further updating and assessment is ongoing throughout the year. Members discussed the idea of a small group of Members reviewing the document and processes for risk assessment/management.

3. BUDGET MONITORING 18/19

With reference to income and expenditure for the year, some specific virements were made from General Contingency prior to finalising the year end, to cover budget heads where expenditure on approved items had resulted in a small overspend; details are shown in the following table:

FROM			TO		
BUDGET CODE	DESCRIPTION	AMOUNT	BUDGET CODE	DESCRIPTION	REASON
To Clear Overspends (all expenditure approved in year)					
307/4070	*General Contingency	31.00	4003/101	Mileage (Staff)	Underbudgeted
		18.00	4009/101	Postage	Underbudgeted
		174.00	4020/101	Misc. Costs	Underbudgeted
		76.00	4023/101	Pensions (LGPS)	Underbudgeted
		280.00	4043/302	Bishops Meadow	Emergency tree work
		187.00	4092/307	Section 137	Refresh. Ann.Assembly 2019
		404.00	4141/401	New Xmas Lights	Approved expenditure
		22.00	4042/305	Pavilion repairs bal.	Approved repairs (shortfall)
		1,192.00			
* (Earlier approved expenditure from G/C = £1,713; total exp. for year = £2,905; balance 31/3/19 = £23,335)					

Other funds unused at year end were reallocated as follows:

Other unused funds reallocated prior to year-end					
301/4042	Rec. Ground Maint.	2000.00	900/9008	EMF Football pitch fund	Build funds for major drainage work
201/4030	Lights power supply	1182.00	900/9004	Total £2,270 to Lighting Upgrades	Build funds for upgrades
201/4032	Lights gen. repairs	1088.00			
		4270.00			

The balances of various playground / equipment budget heads were transferred prior to year-end, to the Earmarked fund being built for future repairs and/or replacements; details are shown in the following table:

Specific Purpose Funds - Move to Earmarked Reserves					
301/4078	Adult Exercise Equipment	500.00	900/9005	To Earmarked Fund (Playground Fund)	Build fund for future repairs and/or replacements
308/4042	Playground Rec. Ground - Maint.	200.00			
309/4042	Playground Bishops Meadow - Maint.	100.00			
401/4131	Playgrounds Capital Schemes	2,500.00			
		3,300.00			

4. YEAR END SURPLUS / RESERVES

The final budget position for 18/19 showed an unspent total of £54,364. This includes £28,070 of specific purpose funds: General Contingency £23,335, Summer Event £711 and Youth Projects £4,024. £17,362 represents committed, approved or anticipated expenditure and a remaining general surplus balance of £8,932 to carry forward to General Contingency. Specific items explained:

- *4000/101 Salaries* – surplus arisen because funds allocated to increase Clerk's hours were not all used; further review expected during the coming year, plus review of Asst. Clerk's salary.
- *4017/101 Office Equipment/Upgrades* – new printer / computer screen not yet purchased.
- *4018/101 Website* – surplus from insurance and I.T. Software carried forward towards upgrade of website due to new accessibility regulations.
- *102 Grants / Donations* – unused funds carried forward to cater for potential increased need by local groups.
- *304 Cemetery* – normally carry forward surplus as a working reserve, to allow for uncertainty in budgeting. Review of fees still pending.
- *310/4077 Grit bins* – no precept allocation for 19/20, so carry forward surplus to cover.
- *312/313 Station Road Car Park / Toilets* – funds carried forward to cover rates outstanding for September to March 19, plus additional funds for 19/20 as underbudgeted. Some surplus carried forward for new signage required when legal 'order' in place.

Members discussed the level of reserves and were satisfied that, as confirmed in March (see Minute 2651, 18/3/19) they are within recommended levels. The 'working' General Contingency has been carried forward, and the balance of general surpluses at year-end added. The resulting balance of £32,267 for 19/20 is higher than at the start of 18/19, but not unreasonable. Some significant expenditure is expected in 19/20 (including tree inspection/works; Cemetery gates and fencing).

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

- **Summary of budget surplus** at year end (31/3/19) which details amounts to carry forward.
- **Summary of reserves and contingencies** at 31/3/19.

5. FINANCIAL STATEMENTS / RECORDS 18/19

The statutory Income and Expenditure Account, Balance Sheet and Bank Reconciliation have been produced and the following specific items are explained:

- £8,000 income shown under Grants and Donations in the Income and Expenditure Account represents the Devolvement Grant from Rother District Council for the Station Road car park/toilets, in lieu of a 10-year maintenance agreement in the lease.
- Capital Schemes income of £458 is the payment from the family of Jeanette Franklin for her memorial bench. £140 lighting is the payment from Yodel for the damage to a streetlight. £67 Pavilion /Toilets is for a water rates refund on change of supplier.
- Street Furniture expenditure of £1,926 is £846 for dog-waste emptying and £1,080 for grit bin refilling.
- Capital Schemes expenditure £1,856 is: £325 for LED streetlight conversion, £273 for new grit bin, £404 Xmas lighting, £458 Franklin bench (offset by £458 shown above), £396 for SpeedWatch kit.

- Transfers To / From Reserves of £11,950 is the net transfer (£15,570 to reserves less £4,380 from reserves); full details are shown on the Summary of Reserves and Contingencies at 31/3/19 document.

6. INTERNAL AUDITOR'S YEAR END REPORT

The Internal Audit took place on 14 June 2019; there were no areas of concern. The Auditor reviewed the completed Section 2 (Accounting Statements) of the Annual Governance and Accountability Return (AGAR) and was satisfied that the figures were accurately drawn from the Financial Records of the Council. She was able to confirm and sign off all sections of the Annual Internal Audit Report (page 3 of the AGAR) and felt that a separate report was not necessary (as there were no concerns or recommendations). Appointment of an Auditor to carry out the Internal Audit for 19/20 will be considered by the FWG at their next meeting. This was the fifth year by Alison Stevens and Members may wish to change.

7. REVIEW OF EFFECTIVENESS OF INTERNAL CONTROLS

This has to be done annually and is one of the 'assertions' made by Members in Section 1 of the AGAR (see next item). The review for 18/19 was carried out by the FWG and reported to Council on 19/6/18. A review for 19/20 will be carried out by the FWG at their next meeting.

8. ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN (AGAR)

Section 1 Annual Governance Statement – the nine questions will need to be considered and answered by Members at the Meeting on 20/6/19. They are in respect of the year to 31/3/19.

Section 2 Accounting Statements – this has been completed and signed by the RFO from the financial records (see item 5) and reviewed by the Internal Auditor. It will need to be signed off at the Meeting on 20/6/19.

Recommendations by the FWG:

- To approve the Receipts and Payments list for March 19. (Agenda item 2688)
- To approve the Risk Management Documents as presented and to consider a group of Members to review the document / assessment processes / requirements. (Agenda item 2689)
- To approve the Asset Register as presented. (Agenda item 2690)
- To approve the budget virements as detailed, and the Summary of Reserves. (Agenda item 2692/1)
- To approve the year-end surplus and carry forwards (as shown in the separate summary of surpluses 18/19) 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 2692/1)
- To approve the Income & Expenditure Account, Balance Sheet and Bank Reconciliation as presented. (Agenda item 2692/2)
- To receive the Internal Auditor's Report (page 3 of AGAR) 2019. (Agenda item 2693/1)
- To agree the assertions in the Governance Statements at Section 1 of the AGAR. (Agenda item 2693/2)
- To sign off the Accounting Statements at Section 2 of the AGAR. (Agenda item 2693/3)