

Finance Working Group Meeting 11th March 2020, 5pm – 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 29/2/20, 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 19/20 precept figures against each head of budget, brought-forward amounts from 18/19, all virements made to date in the current year (19/20) and 20/21 precept figures.
 - iii) *List of Earmarked Funds.*
 - iv) *Estimate of Costs and Internal Audit Plan* - plus information regarding competence, independence and qualifications for prospective Internal Auditor, Keith Robertson.

Documents available / referred to:

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

1. MATTERS ARISING from last meeting (7/1/20) (not specifically covered elsewhere)

- a) *Salaries Review (1)* – to be carried out by the General Purposes Group in next few weeks (still no agreement on national pay scales for 20/21).
- b) *Financial Regulations (2)* – approved PCM 20/1/20.
- c) *Financial Risk Assessment (3)* – approved PCM 20/1/20; to be amalgamated with General Risk Document for approval PCM 18/5/20.
- d) Review of Internal Controls (4) – complete subject to Standing Orders.
- e) New Banking Institution (5) – confirm 1 year fixed rate deposit account opened with Hodge Bank and £85,000 deposited.
- d) Budget / Precept 20/21 (6) – approved PCM 20/1/20, precept £96,606 confirmed to RDC.

2. BUDGET MONITORING CURRENT YEAR (19/20)

The Income and Expenditure Report was discussed. All outstanding approved works/expenditure is allowed for. The Clerk identified budget heads where movements from General Contingency is needed to cover approved expenditure (some already paid, some outstanding), as shown in the following table:

FROM			TO		
BUDGET CODE	DESCRIPTION	AMOUNT	BUDGET CODE	DESCRIPTION	REASON
307/4070	*General Contingency	170.00	4019/101	I.T./software/licences	Office 365 sub due
		160.00	4007/101	Conferences & Training	Underbudgeted
		93.00	4076/307	History books	Copies needed (printing)
		132.00	4042/305	Maint. Pavilion/toilets	Storm damage roof
		555.00			

Members agreed the virements as listed and were happy for them to be recommended to Council for approval 16/3/20.

Other items discussed at the last meeting remain relevant as follows:

- 4000/101 Admin Salaries – it was agreed that potential £1,200 surplus at year-end should be carried forward.
- 4067/307 Highways - £2831 available is for the balance of the match-fund scheme for double yellow lines in Station Road; invoice pending.
- 4075/307 – Misc. Amenity - £500 available for the feasibility study by ESCC for pavement improvements in Knelle/Langham Road to enable RCC students to walk more safely to school.
- 4020/313 Misc. Costs Station Road Toilets – £1,000 likely to be surplus at year-end.
- 314 Village Steward codes – balances at year-end for mileage, misc. costs and materials should be carried forward at year-end (no precept figure included in 20/21 budget)
- 401 Capital Schemes – funding 4135 car park and 4136 toilets will be used towards the relining and refurbishment works.

Carry forward of certain 'reserve/project building' codes (e.g. General Contingency; playground funds) will be discussed at year-end when it is known what the surpluses are.

3. BANK RECONCILIATION – Members discussed the requirement in Financial Regulations (2.2) that regular bank reconciliation verifications by a member of the FWG should be reported and noted by the Council. These verifications, including checking against the bank statements, are done monthly (for the previous month) at the same time as the monthly proposed payments are reviewed. It was agreed that reporting / noting in the FWG meeting notes that the reviews have been carried out should be sufficient to cover the requirement. To date, bank reconciliations have been verified each month for all accounts, for bank statements up to and including 31/1/20 (completed 28/2/20).

4. INTERNAL AUDITOR (IA) – the RFO confirmed that she has researched local Internal Auditors, including who other local councils were using. The one that received the best comments and recommendations was Keith Robertson FCMA, who is also a local Councillor in Catsfield, where he lives and until recently was also Clerk to Crowhurst Parish Council. Keith is a qualified accountant and has been carrying out IA's since 2015, with 25 councils currently on his client list. Members reviewed the documents Keith had provided, including estimated costs, Audit Plan and personal profile. The estimated costs are in line with the amount we have paid for the last few years (approx. £200). It was agreed that Keith should be recommended to Council to carry out the IA for the 19/20 financial year, with the appointment to be reviewed annually after completion of the audit.

5. YEAR-END TIMETABLE – the RFO outlined the requirements for completion of the year-end process, including signing off the Annual Governance Accountability Return (AGAR) and internal and external audit. She explained that because the accounts are done on an 'income and expenditure' basis, it is necessary to wait for a few weeks into April before completing the year, in order to gather any invoices that come in relating to works / services provided in the previous year. It would not be possible to complete the year end process and the internal audit in time to report to the next Council Meeting on 18th May, but the AGAR has to be submitted to the External Auditor before the end of June, so the July meeting is too late. As in previous years, an additional Parish Council Meeting will be required. This additional meeting is usually held in early to mid June and covers only the matters

related to the year-end, AGAR and audit. Dates were discussed and it was agreed to recommend to Council that the meeting take place at 6.30pm on Thursday 4th June, immediately prior to the scheduled Planning Committee Meeting at 7.30pm (at the Youth Centre). The following dates were agreed:

FWG Meeting: 26/5 or 28/5

Internal Audit: date to be agreed with Internal Auditor 21/5 – 1/6

PC Meeting: 4/6/20 at 6.30pm, Youth Centre

6. STANDING ORDERS – the RFO advised that the revised Standing Orders (SO) being drafted from the NALC template 2018 are not yet finished. It was agreed that it was important for the new SO's to go to Council for consideration / approval on 16/3/20 and the recent Review of the Effectiveness of Internal Controls was dependent on them. It was agreed that the RFO complete the draft and circulate to the FWG Members by email. Any changes or alterations can then be suggested / discussed / made, and a final draft agreed for recommendation to Council.

7. THREE YEAR BUDGET FORECASTING – this is recommended as good practice but has not been carried out previously. It was agreed that it would be a good process to carry out and beneficial for future planning. It was agreed to begin the process of completing a three year budget forecast in the new financial year.

RECOMMENDATIONS TO COUNCIL:

1. To approve the budget virements as detailed in the table in item 1.
2. To appoint Keith Robertson as Internal Auditor for the accounting period ending 31/3/20.
3. To provisionally pencil in a Parish Council Meeting for the Thursday 4th June at 6.30pm (to be confirmed when an Internal Audit date has been confirmed by the new Internal Auditor).
4. To approve / adopt the draft Standing Orders as produced by the RFO / FWG.

Date of next FWG Meeting to be confirmed (26/5/20 or 28/5/20).