

RFO / FWG Report to PC Meeting 22nd June 2023

Finance Working Group Members: Karen Ripley (Responsible Financial Officer); 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 31/3/23, 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 22/23 precept figures against each head of budget, brought-forward amounts from 21/22, all virements made during 22/23, precept figures for 23/24.
 - iii) *List of Earmarked Reserves* – showing all movements to and from reserves, with notes.
- 2) *Asset Register as at 31/3/23*
- 3) *Summary of Budget Surplus at 31/3/23 and details of amount to carry forward to 23/24.*
- 4) *Summary of Reserves and Contingencies at 31/3/23.*
- 5) *Financial Statements for the year to 31/3/23: Income and Expenditure Account and Balance Sheet, with supporting Cash and Investment Reconciliations* – with Clerk's annotated notes.
- 6) *Annual Governance & Accountability Return 22/23 (AGAR):* Section 1, Annual Governance Statement; Section 2 Accounting Statements (completed /signed by RFO).
- 7) *List of Creditors and Accruals at 31/3/23.*
- 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 31/3/23. 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 with the June payments.

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 June 2022, 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 the Financial Regulations was carried out in November 2022 and approved/adopted at PCM 21/11/22 (Minute ref. 22/23-81bi).

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, for practical working and transparency reasons the Council has approved purchase of the RBS Asset Inventory Management Software. This provides an Inventory to keep records of all Assets, with the following key features:

- Asset Inventory links to AGAR to update the Fixed Asset figure at Year end
- Unique Identification Number, Asset Description, Serial Number and photo of individual assets
- 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,

The Clerk has started the process of setting up the system, which will be completed (including training for the Clerk and Asst. Clerk), to be fully operational by December 2023.

4. YEAR END POSITION 22/23

Budget Movements at Year-end

FROM			TO		22/23
BUDGET CODE	DESCRIPTION	AMOUNT	BUDGET CODE	DESCRIPTION	REASON
Movements to and from Earmarked Reserves (EMR)					
331	EMR Village Gateways (reallocate)	5,139.00	351	£4,000 EMR Fingerposts	Project approved Min: 22/23-124c
			334	£1,139 EMR Streetlight Upgrades	Towards additional costs of project
1153/101	Misc. Income	19,370.00	335	EMR Playgrounds	SEW Grant re supply issues compensation Min: 22/23-120
334	EMR Streetlights	11,301.00	4132/401	Lighting capital expend.	To cover partial project costs paid 22/23
Overall unspent balances in budget, including Village Steward		7,700.00	342	£1,500 EMR Highway Safety Schemes	To cover Knelle/Langham Match Fund Scheme
			334	£3,700 EMR Streetlighting Upgrades	Cover rest of project costs to be completed 23/24
			333	£2,500 EMR Car Park Recreation Ground	Towards various works required (fencing / surface / reconfigure entrance)

The following specific purpose balances will be carried forward at year-end:					
(See separate spreadsheet: Summary of Budget Surplus)					
4072/307	Summer Event	711.00	Specific purpose: balance always carries forward		
4080/307	Youth Projects	1,704.00	Towards any provision - no precept allocation 23/24		
4070/307	Working Contingency	7,855.00	This will be carried forward and any remaining other surplus amount will be added to it, to give a Working Contingency allocation for 23/24 of £16,693		

Financial Statements 22/23 – the statutory Income & Expenditure Account and Balance Sheet have been compiled from the accounting records. Both operating income and earmarked reserves are significantly increased this year due to the loan from PWLB for the lighting project (most not spent yet) and receipt of the grant from South East Water for the pending playground upgrades. The Capital Schemes increase in expenditure relates mainly to UKPN charges for the column replacements and the Vehicle Activated Sign (VAS) project.

Cllr Todd questioned why the outstanding loan to PWLB does not appear on the Balance Sheet as a liability. The Clerk checked that it had been correctly accounted for and the software provider confirmed that loans taken by the PC are only shown on the AGAR at box 10, and do not show on the Balance Sheet.

The VAT claim of £11,562 due for the year has now been received.

The final budget position for 22/23 (Income & Expenditure Account) showed an unspent total of £26,858. This includes £10,270 of specific purpose funds: Working Contingency £7,855, Summer Event £711 and Youth Projects £1,704. £7,750 represents committed, approved or anticipated expenditure, with a remaining general surplus balance of £8,838 to carry forward to Working Contingency for 23/24. (Financial Reg. 4.3). Details can be seen in the supplementary document: *Summary of Budget Surplus*.

Reserves and Contingencies - when the Working Contingency surplus (£7,855) has been carried forward, and the balance of general surpluses at year-end added (£8,838), the resulting Working Contingency balance will be £16,693 for 23/24. This is slightly higher than for 22/23. There was no specific amount included in the precept for 23/24 for contingency.

Details of reserves can be seen in the supplementary document: *Summary of reserves and contingencies* at 31/3/23 which details funds held in Earmarked Reserves for specific purposes, contingency reserves and Working Contingency.

Internal Audit – this took place on 7/6/23 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 22/6/23). 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 22/6/23, in respect of the year to 31/3/23. 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 31/3/23.

7. APPOINTMENT OF INTERNAL AUDITOR 23/24 (Financial Reg. 2.5)

The RFO / FWG recommends that Keith Robertson be re-appointed as Internal Auditor for 23/24. He has indicated this is likely to be the last year he will do, meaning a new I.A. will be required for 24/25.

Recommendations by the FWG for Parish Council Meeting 22/6/23:

- To receive this RFO / FWG Report (Agenda item 34).
- To approve the Asset Register as presented. (Agenda item 35).
- To approve the year-end budget movements, surplus and carry forwards (as detailed in the separate summary of surpluses 22/23) for Working 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 Working Contingency (Financial Regulation 3.5 refers). (Agenda item 36a).
- To approve the Income & Expenditure Account, Balance Sheet and Bank Reconciliation as presented. (Agenda item 36b).
- To receive the Internal Auditor's Report 22/23 (including page 3 of AGAR). (Agenda item 37a).
- To answer positively the assertions in the Annual Governance Statements at Section 1 of the AGAR 22/23. (Agenda item 37b)
- To sign off the Accounting Statements at Section 2 of the AGAR. (Agenda item 37c)
- To approve appointment of Keith Robertson as Internal Auditor for 22/23 (Agenda item 38).

Date of next FWG meeting: TBA