

## **Responsible Financial Officer Reports 6 - 11**

### **6. Budget Monitoring – To receive an update of income and expenditure against agreed budget to 30 April 2019 in the new style report**

#### **Attachments – 6.1 Budget Report, 6.2 Budget Monitoring Report**

The budget is presented in the new format direct from the new accounting system. Installation was completed on 20 June, and it is now necessary to set up records for all our customers and suppliers, and load all work from 1 April to date (for example 241 invoices have been raised for room hire in this period which need to be reinput). Therefore, a budget to 30 April is presented which will allow Councillors to familiarise themselves with the new layout but may still be incomplete.

This report shows the current months spend, year to date, and annual budget as before. The variance column details what is left to spend for the year, and later the commitment column will start to show details of expenditure for which an order has been placed but we have not yet been invoiced and paid. Funds available will then detail what is left to spend after the commitments are paid. The final column for transfers to/from EMR, shows monies spent from Ear Marked Reserves, i.e. that which we have set aside in previous years for specific projects. The accompanying budget monitoring report provides additional information on any anomalies.

The new system is proving user friendly, and once all information has been loaded will offer time savings, for example when invoicing room hire, session times and costs are programmed in together with the correct cost centres and nominal codes, therefore less typed input is needed, and there is less room for error.

All information up to the end of June will be entered and reconciled by 7 August to meet the deadline for the first quarter's VAT return.

#### **Recommendation: To accept the budget report to 30 April 2019**

### **7. Payroll Software – To agree arrangements for the processing of the Council's payroll from 1 September 2019**

On 22 January 2019, the Finance, Economic Development and General Purposes committee reviewed arrangements for accounting and payroll software. It was resolved to proceed with the purchase of RBS Rialtas accounting software, but to defer a decision on payroll arrangements until later in the year as our existing contract expired on 9 September 2019, and it would be possible to make a change mid financial year.

*388/18 Following consideration of the efficiency savings in outsourcing payroll and noting that the current contract ran until September the Deputy Mayor proposed, Councillor Smith seconded, and the Committee **RESOLVED** to defer consideration of the payroll software.*

Our existing payroll package is with Sage at a cost of £1,552 per annum. When contacted in January and advised we were reviewing these arrangements Sage offered an economised package at £384 per annum. This quote was valid for 30 days and has now expired. Sage advise that the current cost of the package offered

would now be £441.60 per annum. Alternatively, of the other options researched and reported in January, the lowest cost option was to outsource. Local company PAYE Solutions Ltd, based in St Cleer, quoted £629 per annum plus a £50 set up fee, and have confirmed that they would continue to honour this.

A summary of the options is as follows:

<b>Existing Payroll Arrangement</b>	<b>Cost</b>
<b>Sage Payroll S50 People Package</b> (paid up to 08/09/19) 1 user - unlimited employees Sage Extra Cover (support 8am – 8pm and unlimited remote logins*) and HR advice and access to information and templates software – <i>not used as Ellis Whittam also provides this service</i>	£1,552.00 p.a.
<b>Alternatives</b>	
<b>Sage Payroll S50 Package</b> 1 user – maximum 25 employees (support 9am – 5pm and max 3 remote logins*) All updates included <i>This is adequate for the Council's requirements and offers the potential for an increase in staff numbers if required</i>	£441.60 p.a.
<b>PAYE Solutions Ltd, St Cleer – outsourced</b> One off setup fee: £50 Monthly processing fee: £49.50 (up to 15 employee's) 16 + employees: £1.30 per extra employee Year-end P60's £35	£629.00 p.a.  + £50 set-up fee

\* A remote login involves Sage logging into our system and taking control to fix a problem – previously used about once per year.

In house payroll has small additional costs relating to the purchase of appropriate payslip/P60 stationery, although Sage offers the option of online payslips.

Outsourcing companies have up to date, professional knowledge on matters relating to payroll issues and can offer advice should a query arise. The quote is based on us providing a summary of hours worked for each member of staff on a monthly basis. They will then calculate salary payments and appropriate deductions such as income tax, NI and pension contributions for both the employee and employer and produce required reports. They currently assume we will make payments to staff, HMRC and the Cornwall Pension scheme by bacs as per the current arrangements, although they offer the facility to complete this as well should we wish.

Staff time saving relating to outsourcing the payroll would be minimal – approximately one hour per month.

**Recommendation: To agree new alternative arrangements for the processing of the Council's payroll from 1 September 2019**

## **8. Internal Audit – To receive the Internal Auditors full report**

### **Attachment 8.1 Internal Audit report**

This report includes **recommendations in bold** (including those items highlighted within the external audit) and items *in italics which are suggested actions*. These have been summarised in the table below, prioritised with notes and suggested dates for action given.

**Priority 1 – July 2019 FED&GP**

**Priority 2 – August 2019 Council**

**Priority 3 – By November 2019 FED&GP**

**Priority 4 – By 31 March 2020**

<b>Recommendations</b>	<b>Notes</b>	<b>Date for Action</b>
1. The Council has introduced BACS payments. FR 6.8 confirms two members (authorised bank signatories) are retained. Currently one officer is instructing and authorising. It is recommended that this regulation is reviewed by the Council.	HSBC contacted. The product they offered does not appear to precisely match our needs and costs seem high.  Launceston TC have a robust system with HSBC – further information being sought	<b>August 2019 Council</b>
2. Purchase orders should be issued prior to the delivery of goods. FR 10.1 refers. Recommendation that the Council again review purchase orders and consolidate controls within the procurement system.	Currently purchase order numbers are issued without an amount attached. Values should be added which can populate the 'Commitments' column of the new accounting software to provide tighter budgetary control	<b>By Nov 2019 FED&amp;GP</b>  (All other info required in new system before introducing this)
3. It is recommended that the Council produces a policy incorporating GDPR to ensure compliance, effective monitoring and benchmarking.	Once in place update Employee Handbook which will refer to it	<b>August 2019 Council</b>  SV
4. The Council should review debt reporting and action to recover debts with many currently in contravention of normal trading terms. This should assist in ensuring debts do not become unrecoverable. The Council granted a loan of £2,000 in March 2010. The agreement confirms the loan is to be	High priority – reported on external audit  New debtor's policy required  See agenda item 9	<b>July 2019 FED&amp;GP</b>

repaid within 3 years. The loan is still appearing on the accounts as at 31 <sup>st</sup> March 2019. The Council should investigate if the loan is still outstanding and if so, whether it is recoverable. The year-end financial report generated from Sage indicates some debts are 9-12 months old.		
5. The Council operates three Trust Funds and whilst nominal statements have been prepared, there is no evidence of accuracy presented at audit for example in the form of reconciled bank statements, current trustees and also bank signatories. It is understood that £500 was authorised to be expended from one Trust Fund but there is no audit trail to reconcile with the prepared statement as to how this has been achieved. It is recommended the operation of the Trust funds should be viewed as a priority by Council.	High priority – reported on external audit  Santander bank contacted. Accounts last used in 2011 and were closed in 2014 and balances transferred to dormant funds. Requested documentation prepared and sent 08/07/19 to recover the funds and reopen accounts. Additional info sent 16/07/19. Signatories can then be updated.  Any further progress to be reported verbally.	July 2019 FED&GP  Follow up August 2019 Council If not resolved
<b>Suggested Actions</b>		
The Council have several outstanding cheque entries some over a year old. The age of all outstanding cheques should be reviewed with consideration being given to writing back the cheques and re-issuing where appropriate.	All cheques more than a year old have been written back on 01/04/19 in line with good accounting practice (prevents distortion of true financial position) – see notes with the budget. Rialtas year-end procedures include a check on old unrepresented cheques.	July 2019 FED&GP
It is recommended the Council considers introducing a reserves policy.		By 31 March 2019
It is suggested the Council subscribes to the HMRC online service for access to data and updates.		By 31 March 2019
Council might wish to consider security marking portable assets.	Facilities (TM)	By 31 March 2019
Asset Condition Survey – It is understood the Facilities Manager undertakes a review of assets. It is suggested that the review is formalised and the	Report to be made to Facilities Committee with minute reference for evidence.	By 31 March 2019

results/condition/outcomes are reported to the relevant Committee/Council and included in an expand asset register	Add column to the asset register, and another for longevity of asset to consider budgeting for replacement	
<b>Annual review of risk management actions identified</b>		
Review Financial Regulations	Annual update due – needs updating with new RFO details	August 2019 Council
Improved system of Internal Controls  Internal Audit comment ‘Although the Council has undertaken some reviews (3 occasions noted) the JPAG recommends a more robust review of the effectiveness with possibly a monthly standing item.	The items identified above should form part of these.	By Nov 2019 FED&GP
New key and alarm fob register required with items issued signed for	Facilities (TM)	By 31 March 2019
Scheme of Delegation / Terms of Reference	Annual review due – C&E management of museum needs updating re accreditation requirements	August 2019 Council  SV
Update Pensions Discretions Policy  See agenda item 12	Cornwall Pension Fund advise a new discretion is to be included in the policy	July 2019 FED&GP

**Recommendation: To accept the internal auditors report and recommendations, and to agree to action the items identified as per the schedule above**

## **9. Aged Debtors**

### **Attachments – 9a. Redacted LDSA loan agreement, 9c. Draft Credit Management Policy and Procedures**

#### **a) To agree a course of action to take on the Liskeard and District Sports Association £2,000 outstanding loan**

On 31 March 2010 the Town Council entered into a loan agreement with the Liskeard and District Sports Association (LDSA) for an interest free loan of £2,000 on monies which had already been advanced to them, which was to be repaid within three years unless the date was modified by mutual consent. A copy of the agreement is attached. The loan has not been repaid and has remained as a current asset within the Town Council’s balance sheet for accounting purposes.

The internal auditor has drawn attention to this irregularity and action is needed to resolve it. Options would include; contacting LDSA to discuss a schedule for repayment; or consider writing off the loan if we do not believe it is recoverable.

**Recommendation: To agree a course of action to take on the Liskeard and District Sports Association £2,000 outstanding loan**

**b) To receive a report on aged debtors**

At the end of the 2018/19 financial year an aged debtors report showed £631.10 of invoices which had been outstanding for more than 90 days. Of these £225 (2 customers) relate to companies which have gone into liquidation and have been written off on 1 April 2019. A further £194 (1 customer) remains outstanding but an agreement has been reached for repayment, and the remainder have been repaid.

As at 30 June 2019 the following amounts are outstanding, which includes the £194 detailed above in the Public Hall standard receipts 91+ Days:

Outstanding	31 - 60 Days		61 - 90 Days		91+ Days	
	No. of customers	Amount	No. of customers	Amount	No. of customers	Amount
Public Hall Standard	1	151.30	1	62.00	4	303.00
Public Hall Discount	1	21.00	1	44.00	2	46.50
<b>Totals</b>	<b>2</b>	<b>£172.30</b>	<b>2</b>	<b>£106.00</b>	<b>6</b>	<b>£349.50</b>

The Facilities Assistant has been in contact with all debtors and full recovery is expected. Arrangements have been confirmed by the RFO.

It is recommended this item become a standing item on the agenda for this committee (data must be anonymised) and is further subject to verification by a Councillor as part of an improved system of internal controls to be considered by this committee by its November meeting.

**Recommendation: To ratify the write off of £225 of unrecoverable debt. To accept the aged debtors report with current actions in place for recovery of all amounts outstanding. To agree to this item as a standing agenda item for future meetings of this committee**

**c) Debtor's Policy – To adopt a new debtor's policy**

The Town Council currently invoices for various services, such as the hire of rooms at the Public Hall, shop rents, allotment rents, TIC accommodation fees etc. While we have no formal policy in place, current terms allow 30 days for payment of all invoices, however casual hirers/one off events e.g. birthday parties are asked for payment in advance, and larger bookings of the Public Hall are asked for a £50 deposit to confirm the booking. Invoices are usually raised weekly/monthly in

advance. Invoices remaining outstanding after 30 days, receive a polite reminder from the Facilities Assistant, who follows this up with a further letter and telephone call if payment is still not received, advising that any existing bookings will be cancelled and no further instructions will be taken until the account is brought up to date. If necessary, further follow up is done in conjunction with an appropriate member of the leadership team, requesting immediate payment or contact to discuss a schedule for repayment, and sent via recorded delivery.

A draft policy is attached to formalise these arrangements and give staff clear guidelines which can be applied to all invoices. Councillor Smith has assisted with the drafting of this policy. Items highlighted have outstanding queries on wording.

**Recommendation: To adopt the Credit Management Policy and Procedures**

## **10. Pensions Discretions Policy – To adopt the updated policy**

### **Attachment 10.1 Pensions Discretions Policy (Updated June 2019)**

The Cornwall Pension Fund advise that our LGPS Employer Discretions Policy requires the addition of a new discretion. This relates to Additional Pension Contributions (APCs), which are a method through which members can buy back pension which has been 'lost' when a member has a period of *authorised* unpaid leave. Employers must offer as soon as possible, and members must confirm within 30 days of returning to work that they wish to purchase this lost pension. The employer is obliged to contribute 2/3rds of the cost, and the contracts are known as shared cost APCs. The discretion allows the 30 day period to be extended in exceptional circumstances which prevent the member from meeting the deadline.

A new item 8 has been added to the proposed policy attached, and paragraph 4 of the summary section amended accordingly.

**Recommendation: To adopt the revised LGPS Employer Discretions Policy**

## **11. Schedule of Payments – To receive and approve**

### **Attachment 11 Schedule of Payments**

Financial Regulation 5.2 requires '*The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised.*'

To comply with this, it is recommended schedules are now initialled on each page and dated, to ensure they cannot be amended after the meeting. Due to the number of payments in the schedule, including these as an attachment to the minutes would be more appropriate.

**Recommendation: To approve the schedule of payments**