

RFO Reports

Update - for information only

Bank balances as at 31 October 2019 are as follows:

HSBC	17,652.90
Lloyds Debit card	1,265.92
Cornwall Council	449,357.99
United Trust	107,000.00
TOTAL	£575,276.81

Bank reconciliations have been completed monthly on all four accounts by the accounts clerk, and checked by the RFO, as advised by the internal auditor to create separation of duties. The last signed reports were completed as at 30 September.

Accounts update – We are currently working on October's accounts and are therefore a little behind where we had hoped to be at this time. By the end of November, we anticipate being in a position to input weekly work from the previous week. We will then develop use of other parts of the software.

6. Budget

Attachments – 6a Budget Report, 6b Draft Budget 2020/21

a) To receive an update of income and expenditure against agreed budget to 30 September 2019

At the end of September target spend should be 50%. The pension line is showing an 81% spend to date, which includes the lump sum annual payment of £6,100 this year. The RFO is attending a one to one meeting with the pension fund administrators and actuaries on 28 November to discuss revaluation of the fund.

The report shows a large overspend on Professional fees, which is made up of £3,515 for the purchase of the Rialtas software, and £1,220 in respect of leases at the Guildhall.

Subscriptions and memberships will overspend as only CALC/NALC/ALCC and SECTA have so far been paid, as will Equipment and IT purchase as it has been necessary to replace two office computers, and the Public Hall projector not yet reflected in the spend, and Equipment & IT Maintenance/Support will overspend as Microsoft annual premiums have not yet been paid.

Civic Duty & Members Expenses has overspent, but includes some items usually carried out bi-annually such as signwriting the mayor's board, and also the new business cards.

Sundry Expenses as previously reported is distorted due to past year write offs being passed through this budget line.

Recommendation: To note and accept the budget report

b) To draft a budget for 2020/21

See attached draft budget proposal for discussion. This has been based on known commitments and past year spend.

Recommendation: To agree a draft budget

7. United Trust Bond – To agree maturity instructions

The one-year fixed rate bond at 1.9% with United Trust bank for £107,000 matured on 4 November 2019 with interest paid of £2,044.14. The balance is currently being held in a business 7 day account, where it can remain for a maximum 28 days, earning 0.1% until maturity instructions are given.

United Trust have offered a new one-year fixed rate bond at 1.8% for some or all of the total maturing, and further deposits can be added, subject to a minimum £5,000 maximum £1 million balance. This is a preferential rate for existing customers, as new customers are being offered 1.75%. This appears to be a competitive rate, as a search of the market of other providers with similar products suitable for the Town Council, has found Aldermore at 1.65% AER, and Virgin Money at 1.6% AER. NB there is no access to funds within the fixed term once monies are reinvested.

The Cornwall Council deposit is instantly accessible and pays interest at a daily fluctuating rate (compounded monthly), which during October was between 0.77 and 0.82%.

Other options available, are notice accounts, with some of the best rates currently available from Redwood Bank (incorporated in 2017 – Warrington Borough Council own a 33% share) offering 1.75% AER on a 95 days' notice account, however these are variable rates.

The Council should aim to maximise returns on its cash holdings, while keeping enough funds accessible to meet all its commitments as they fall due. The Council's total holdings have reduced substantially over the last 12 months following investment in the Public Hall refurbishment project. Monies which should remain accessible include; six months precept of £219,480 to meet expenditure, and monies to cover projects funded from earmarked reserves which will be undertaken over the next year (EMRs total £212,970). Assuming all projects were to progress, this leaves a balance for reinvestment in the bond of £145,000 (rounded up to the nearest £1,000), less any monies previously committed to joint projects.

NB the Town Council deposits are not protected by the UK Financial Services Compensation Scheme as its annual budget exceeds 500,000 euros (approx. £430,000)

Recommendation: To reinvest £145,000 in a one-year fixed rate bond with United Trust Bank

8. Aged Debtors - To receive a report on aged debtors

As at 31 October 2019 the following amounts were outstanding:

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	18.00	1	119.00	0	0.00
Public Hall Discount	1	21.00	2	49.00	0	0.00
Guildhall tenants	0	0.00	0	0.00	1	243.10
Totals	2	<u>£39.00</u>	3	<u>£168.00</u>	1	<u>£243.10</u>

These amounts are being actively pursued in accordance with the Credit Management Policy and Procedures.

9. Internal Controls – To approve a new system of internal controls

In the last internal audit report, it was noted that *‘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 JPAG requires key risks are identified, assessed and recoded (we do this via the Financial Risk Assessment). This should then be reviewed at least annually, with risk management a standing item at committee meetings. It is therefore recommended we put in place a series of sample checks to be completed by members and reported back to committee, in addition to the monitoring of budgets and aged debtors which are already being regularly scrutinised by committee.

A suggested timetable and checks are as follows:

When and Who	Checks to be made	Detail
Quarter 1 Councillor A	Contracts	Sample check staff have valid contract for current job role and hours worked
	Salaries	Sample salary payments to ensure staff paid in accordance with rates and hours approved by Council, and deductions made for PAYE, NI and pension contributions.
	Insurance	Check policy up to date, and provides sufficient Fidelity cover, Public Liability and Employers Liability

Quarter 2 Councillor B	Sales Ledger	Sample 3 services provided e.g. Public Hall booking, Guildhall and allotment – confirm invoiced in accordance with service provided, payment received, banked and recorded
	Aged Debtors	Sample outstanding invoices, for follow up and reporting
	Asset Register	Check up to date and shows in year movements
Quarter 3 Councillor C	Bank Reconciliations	Sample bank reconciliations to ensure they have been undertaken, checked by RFO and agree to bank balance
	Trust accounts	Check statements
	Transparency Code	Check all required information appears on the website
Quarter 4 Councillor D	Payments	Sample audit trail for various payment methods, e.g. cheques, bacs and card
	Invoices	Sample to check for purchase order, invoice received and checked, and payment made
	Policies	Sample policies up to date and regularly reviewed.

Check lists and recording sheets can be provided for each visit which can be retained for audit purposes and used for reporting back to Council.

Recommendation: To agree to adopt the new system of internal controls, and which members will undertake them

10. Schedule of Payments – To receive and approve

Attachment 10 Schedule of Payments

Recommendation: To approve the schedule of payments