

MINUTES OF A MEETING OF THE FINANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, KING'S HOUSE,
THETFORD, ON TUESDAY 20th AUGUST 2019

The Mayor, Councillor B J Canham

Councillors:

M P Brindle (Vice Chair)
J Butler
C Harvey

C R P Burnett
D M Crawford
J James (Chair)

Non-Voting Councillors Present

D Hodgkinson
J Hollis
T J Jermy
M Taylor

Officers in attendance

Alan Yorke
Chris Crimmen

Finance Officer
Committee Secretary

MINUTES

- 271/19 DECLARATIONS OF ANY DISCLOSABLE PECUNIARY INTERESTS
None.
- 272/19 APOLOGIES FOR ABSENCE
None.
- 273/19 MINUTES
RESOLVED: The minutes of the committee meeting held on the 23rd July 2019, received by Full Council on the 30th July 2019, as a true record and signed/initialled by the Chairman.
- 274/19 FINANCIAL REPORTS FOR MONTH THREE
The Chair introduced the new Finance Officer Alan Yorke who had circulated a report to Councillors on the status of the budget (see Appendix A). He reported that the Council are on track to achieve budget and councillors asked questions which were answered by the Finance Manager. After a discussion Councillor J Butler proposed and Councillor C Harvey seconded:
RECOMMENDATION: That Thetford Town Council adopt the financial report for the status of the budget for the four months ended 31st July 2019 (see Appendix A).
The Finance Officer also had circulated the summary of payments for July 2019 and after a discussion Councillor D Crawford proposed and Councillor B Canham seconded:
RECOMMENDATION: That Thetford Town Council adopt the schedule of payments for July 2019 (see Appendix B).
- 275/19 COMMITTEE FINANCIAL DECISIONS
There were no financial decisions to note.
- 276/19 CONTRACTS UPDATE
The Councillors noted the following contracts update.

Reference	Title	Description		Awarded To	Cost	Tender	Contract Finders Website
TTC/19/001	Trim Trail Tender	Consulting	1 year	undecided	£40000	y	y
TTC/19/003	Tree Management	Tree Works	3 years	undecided	?	y	y

277/19

REVIEW OF DEBTORS AND POTENTIAL WRITE OFF ACTION

The Finance Officer had circulated the report on debtors' balances as at 31st July 2019 and there followed a discussion. It was noted that one named debtor had emailed the Town clerk with proof of payment which was detailed in this report. A Councillor felt that the debtors name should not have appeared on this list. It was pointed out that the list was compiled on the 31st July 2019 but it was agreed that research should be carried out to discover how other councils report their debtor's lists.

Councillors noted the conclusion of the report:-

There is a need to improve accounting controls over revenue and debtors' balances. There is a need to better use the functionality of SAGE 50 and this will be addressed in the forthcoming months. Proper credit control procedures will be implemented as part of the daily, weekly and monthly checklist of accounting tasks that is currently being prepared.

There is an acknowledgement by the Finance Staff that information on certain matters included in this report is incomplete or uncertain but this is due to a change in personnel. The next report on debtors' balances will be more detailed and specific.

278/19

FUNDING FOR GTP OFFICER CONTRIBUTION

The Chair reported that at Full Council on 30th July 2019 it was resolved:

“That Thetford Town Council agree in principle to contribute towards a GTDP Relationship Manager. The final decision will be subject to a report to the Council from the Finance Committee stating where the money will be found and the revised Job Description at the next Full Council.”

She went on to report she had identified an amount of £29,000 in the Neighbourhood Plan reserve as at 31st March 2018 plus a further £14,000 added at the year end 2019 making a total on £43,000. There followed a discussion and Councillor B Canham proposed and Councillor C Harvey seconded;

RECOMMENDATION: That Thetford Town Council utilise £20,000 from the Neighbourhood Plan Reserve to fund 2 years contribution towards a GTDP Relationship Manager subject to the revised Job Description and further clarification on the role.

There followed a vote on the proposition: For 4 votes Against 2 votes. The proposition was carried.

279/19

CORRESPONDENCE

None.

COMMITTEE OFFICERS UPDATE

The Finance Officer had tabled a paper on his vision for reforming the accounting system and processes giving short term focus areas (see below) and this was welcomed by Councillors.

Focal Area	Current Situation	Proposed Reform
Budget profiling	At present the budget is done on an annual basis which makes in-year reporting against the budget difficult.	The budget will be broken down into monthly income and expenditure to enable more effective monitoring by management and Council.
Commitment accounting	When orders are issued, these are not included in departmental spending reports. As a result, unspent budgets are inaccurate.	At the end of each month, orders issued but for which an invoice has not been received will be accrued by way of a reversing journal.
Revenue recognition	Revenue is sometimes recognised only when cash is received.	A monthly invoicing timetable and checklist will be introduced. Revenue will be recognised when earned. Implementation of a rental register to ensure rental debtors are invoiced timely.
Daily income	Cash and cheques received at reception are only recognised when banked, which can be once a week. Credit card transactions are only recognised when credited to the bank statement. Income is recorded haphazardly, and no control is in place to make sure that it is complete.	A daily income form will be used to record income on a daily basis including credit card transactions. Accurate reports will be generated from SAGE rather than using separate spreadsheets maintained by line managers.
Income in advance not accrued	Bookings and event income that relates to future months are recognised when received. This income should only be recognised when the event takes place.	A deferred income account will be used to record the Council's income when it is earned and not when it is received.
Supplier payment profiling	SAGE 50 has a supplier payment profiling functionality that is not being used. At present, payments cannot be scheduled according to payment terms. Furthermore, Councillors cannot anticipate when they will be required to authorise payments.	Supplier payment terms will be updated in SAGE. Weekly payment dates to be agreed with Councillors to facilitate authorisation.
Credit control	There appears to be no formal invoicing and credit control processes.	Invoicing will be done on a pre-determined diary system. Invoices will be raised and emailed to customers. Monthly statements will also be emailed to customers.

Focal Area	Current Situation	Proposed Reform
		Weekly review of debtors' balances outstanding to be implemented.
Weekly bank reconciliations	Bank reconciliations are done monthly.	To facilitate credit control, bank reconciliations will now be done weekly.
Credit card transactions	At present credit card transactions are posted to supplier accounts, resulting in a timely and cumbersome process.	Credit cards are to be processed timely and effectively through a credit card control account.
Accounting checklists	There are currently no stated procedures to guide the accounting function.	Daily, weekly, monthly and quarterly checklists are being prepared to enable the finance function to ensure that it undertakes all its functions timely.
Credit card processing	Credit cards are not processed on a timely basis. There appears to be a cumbersome method of accounting	Credit card control accounts are now used. Credit card transactions will be processed timely.
VAT	VAT may not be applied in accordance with legislation.	A detailed VAT review will be undertaken and VAT rules clearly established and implemented.

281/19

COMMUNITY ENGAGEMENT

None

Chairman.

ACTION POINT	BY WHOM	BY WHEN
The committee will investigate how other councils report their debtor lists.	Chair, Finance Officer and T Jermy.	ASAP

APPENDIX A
REPORT ON THE STATUS OF THE BUDGET FOR THE FOUR MONTHS ENDED 31
JULY 2019

Introduction

There has been a major change in the structure of the chart of accounts and a rationalisation of the number of codes used for accounting purposes. The process to link the new coding structure to the budget that was approved by Council has nearly been completed and the processing of budget information into the accounting software is nearly complete. However, until all the budget information has been captured into the accounting software, the ability to produce comprehensive reports is limited.

Reports that are in agreement with the approved budget and the accounting records have been produced and are attached to this report.

Annexure A: Comparative Profit and Loss Report versus Budget

Purpose of this report:

This report sets out actual departmental income and expenditure for the four months ended 31 July 2019. These actual amounts have been annualised into a forecast to better enable comparison with the annual budget. Budget variances have been calculated to determine whether the Town Council is in line with its budget overall and on a departmental basis.

Findings:

For the four months ended 31 July 2019, a surplus of £184,770 has been generated. When annualised, and if income and expenditure trends for the remaining 8 months mirror those of the first 4 months of the financial year, a surplus of £111,894 will be generated versus a budgeted surplus of £12,182. The reason for this high surplus is that revenue will be higher than budgeted whilst expenditure will be lower than budgeted. These findings provide limited assurance as the financial year is only one-third complete and the forecast is elementary in nature.

The only reliable conclusion is that there are no financial challenges in the first third of the financial year.

Annexure B: Comparative Income Report versus Budget

Purpose of this report:

This report sets out each item of income for the 4 months ended 31 July 2019 that is recorded in the accounting records. These actual amounts have been annualised so that a comparison can be made against the annual budget. A variance has been calculated and is shown on Annexure B.

Findings:

Overall there is unlikely to be a significant variance against budget. The forecast shows that actual income may exceed budgeted income by an amount of £11,317. This is indicative only as the forecast is only based on 4 months of the financial year. It would appear that there is no matter for concern at present.

Annexure C: Comparative Expenditure Report versus Budget

Purpose of this report:

This report sets out each item of expenditure for the 4 months ended 31 July 2019 that is recorded in the accounting records. These actual amounts have been annualised so that a comparison can be made against the annual budget. A variance has been calculated and is shown on Annexure C.

Findings:

There are some poor accounting practices and obvious errors. For example, credit card transactions are not being accurately recorded or recorded on a timely basis. Property rates payable to Breckland Council have also not been accurately accounted for as Annexure C shows no expenditure even though there are property rates payments every month. Processes are being developed to address these shortcomings.

Overall, actual expenditure for the first 4 months is lower than that budgeted.

Conclusion

Whilst there are a number of accounting process reforms that are required and that undermine the overall accuracy of the financial information presented in this report, overall it appears that income and expenditure is being controlled relative to budget and that for the first 4 months, there are no areas of concern.

ANNEXURE A					
THETFORD TOWN COUNCIL					
Comparative Profit and Loss Report Versus Budget					
April 2019 - July 2019					
	Actual to July 2019	Forecast to 31 March 2020	Annual Budget	Budget Variance	Budget Variance
	£	£	£	£	%
INCOME					
Admin	26,750	80,249	19,589	60,660	76
Venues, Events, Marketing	48,384	145,151	180,315	- 35,164	- 24
Mayoral & Civic	225	676	-	676	
Amenities, Land & Property	18,671	56,014	42,240	13,774	25
Cemetery	12,185	36,555	61,008	- 24,453	- 67
Allotments	593	1,780	9,180	- 7,400	- 416
Other Income	14,079	42,237	35,000	7,237	17
Rates precept Apr 19 -Sep 20	383,506	383,506	383,506	-	-
Rates precept Oct 19 -Mar 20		383,506	383,506	-	-
TOTAL	504,394	1,129,675	1,114,344	15,331	1
EXPENDITURE					
Admin costs	225,083	675,250	282,858	- 450,167	- 67
Venues, Events Costs	22,354	67,062	243,445	- 44,708	- 67
Civic Costs	3,174	9,523	34,239	- 6,349	- 67
Amenities and land costs	39,550	118,650	319,900	- 79,100	- 67
Cemetery costs	15,658	46,973	91,332	- 31,316	- 67
Allotments Costs	1,900	5,699	39,138	- 3,799	- 67
Other costs	1,458	4,374	1,000	- 2,916	- 67
TOTAL	309,177	927,531	1,011,912	- 618,354	- 67
RESERVES					
Transfers ex Reserves/Project Income	-	445,572	445,572	-445,572	- 100
Transfers to Reserves	10,447	90,250	90,250	-79,803	- 88
SUMMARY					
Income	504,394	1,575,247	1,559,916	15,331	1
Expenditure	319,624	1,463,353	1,547,734	- 84,381	- 6
Total	184,770	111,894	12,182	99,712	89

ANNEXURE B
THETFORD TOWN COUNCIL
Comparative Income Report Versus Budget
April 2019 - July 2019

Code	Description	Actual to July 2019	Forecast to 31 March 2020	Annual Budget	Budget Variance
		£	£	£	£
4100	GWS Admin Charge	- 1,338	- 4,013	17,239	- 21,252
4102	Property Rent Received	20,794	62,383	71,371	- 8,988
4200	Bar Fees	21,352	64,057	30,000	34,057
4202	Carnegie Room Hire	8,692	26,077	44,000	- 17,923
4204	Guildhall Room Hire	4,635	13,905	9,850	4,055
4206	Guildhall Tearoom	5,460	16,380	10,000	6,380
4210	Event Income	3,183	9,548	2,000	7,548
4224	Sponsor Ship	21	62	1,000	- 938
4240	Market Fees	5,041	15,123	21,444	- 6,321
4300	Mayoral Income	225	676		676
4410	Grants Received	15,020	45,059	40,740	4,319
4414	Rural Payments	3,385	10,155		10,155
4420	Hire Income Open Spaces	267	800	1,500	- 700
4500	Interments	5,050	15,150	45,651	- 30,501
4510	Exclusive Right Of Burial	3,480	10,440		10,440
4520	Memorials	3,445	10,335	6,218	4,117
4530	Hire Of Chapel	210	630	1,040	- 410
4600	Allotments	593	1,780	9,180	- 7,400
4900	Precept	383,506	383,506	383,506	-
4910	Sundry Income	263	789	100	689
4920	Bank Interest received	35	105	1,000	- 895
4930	Investment Income	13,781	41,344	35,000	6,344
5105	Pension Strain Cost Offset	3,000	9,000		9,000
5124	Rates	2,284	6,853		6,853
5163	Cleaning Stock	671	2,013		2,013
	Sub-total	503,056	742,156	730,839	11,317
	Add back recharge expense	1,338			-
	Add Rates precept 2nd half		383,506	383,506	-
	Total income	504,394	1,125,662	1,114,345	11,317

ANNEXURE C
THETFORD TOWN COUNCIL
Comparative Expenditure Report Versus Budget
April 2019 - July 2019

Code	Description	Actual to July 2019	Forecast to 31 March 2020	Annual Budget	Budget Variance
		£	£	£	£
4100	GWS Admin Charge	1,338	4,013	-	4,013
5100	Salaries	166,713	500,138	544,554	- 44,416
5105	Pension Strain Costs		-	-	-
5110	Training	930	2,790	7,561	- 4,771
5124	Rates		-	3,121	- 3,121
5120	Health And Safety	4,734	14,201	7,000	7,201
5122	King's House - All expenses	8,054	24,162	12,574	11,588
5124	Rates		-	40,578	- 40,578
5125	Welfare	1,065	3,194	4,217	- 1,023
5126	Water Rates	1,289	3,867	9,682	- 5,815
5130	Electricity	4,514	13,543	8,570	4,973
5132	Gas	1,255	3,765	2,205	1,560
5134	Oil	1,343	4,028	5,513	- 1,485
5136	Waste Disposal Costs	2,620	7,861	8,561	- 700
5150	Admin Costs	5,729	17,186	17,419	- 233
5152	Travel Expenses		-	1,082	- 1,082
5156	Agents Fees re Property	712	2,135	3,084	- 949
5160	Equipment Support And Maintenance	5,854	17,561	6,898	10,663
5162	Cleaning Materials	1,777	5,331	5,309	22
5170	Audit Fees	1,825	5,475	5,412	63
5172	Legal & Professional	5,202	15,606	11,824	3,782
5180	Insurances	9,688	29,065	16,013	13,052
5190	Bank Charges	443	1,329	1,082	247
	Other costs	1,458	4,374	1,000	3,374
5200	Bar Purchase	8,693	26,080	14,992	11,088
5210	Catering Purchases	3,707	11,120	4,000	7,120
5220	Repairs And Maintenance	3,948	11,844	12,310	- 466
5240	Events Expenses	4,985	14,955	11,994	2,961
5250	Newsletters and publications	-	-	2,081	- 2,081
5260	Box Office Website & Digital Media	450	1,350	1,592	- 242
5280	Market Waste Disposal Don not use NOW 51	222	665	-	665
5286	Market Repairs & Maintenance	349	1,047	2,711	- 1,664
5300	Mayors Allowance	299	896	2,601	- 1,705
5310	Mayoral Expenditure	203	610	500	110
5320	Civic Events	2,672	8,017	8,621	- 604
5325	Civic regalia	-	-	541	- 541
5400	Street Furniture	1,268	3,803	5,500	- 1,697
5410	Christmas Lights		-	18,000	- 18,000
5415	Hanging Baskets	3,870	11,610	10,000	1,610
5420	Playparks	16,830	50,491	49,350	1,141
5440	Rural Entitlements	2,078	6,233	1,000	5,233
5450	Open Space Maintenance	8,023	24,069	30,508	- 6,439
5452	Small Grants	300	900	6,000	- 5,100
5455	Trees		-	14,250	- 14,250
5465	Property Maintenance ALP Buildings	1,378	4,133	6,432	- 2,299
5470	Toilets Expenditure	604	1,811	1,040	771
5480	Works Team Fuel	1,152	3,457	4,357	- 900
5482	Works Team Workwear Do not use	42	125	-	125
5484	Works Team Vehicle Leasing	2,351	7,054	8,500	- 1,446
5488	Works Team Tool	1,655	4,964	4,276	688
5500	Chapel Maintenance	696	2,087	3,816	- 1,729
5505	Cem tool and equip		-	557	- 557
5510	Cemetery Maintenance	4,448	13,345	4,181	9,164
5520	Ground Water Monitoring	1,471	4,413	9,270	- 4,857
5530	Grass Cutting	7,328	21,983	23,641	- 1,658
5540	Grave Digging	1,715	5,145	12,587	- 7,442
5600	Maintenance	1,900	5,699	13,444	- 7,745
	Total expenditure	309,177	923,519	1,011,911	- 88,392