

**MEETING OF THE FINANCE & ADMINISTRATION COMMITTEE
TO BE HELD ON THURSDAY 14th DECEMBER 2017 AT 7.30pm**

COMMITTEE REPORT

To be considered in conjunction with the agenda for this meeting.

1. Elect a Vice Chairman

It is the responsibility of the Vice Chairman to lead the meeting should the Chairman not be in attendance and to use the casting vote.

2. Public Forum.

The Public Forum will last for a period of up to 15 minutes during which members of the public may put questions to the Council or draw attention to relevant matters relating to the business on the agenda. Each speaker is limited to 3 minutes. The business of the meeting will start immediately following the public forum or at 7.45pm whichever is the earlier.

5. Declarations of Interest.

Members are advised to consider the agenda for the meeting and determine in advance if they may have a Personal, Prejudicial or a Disclosable Pecuniary Interest in any of the agenda items. If a Member decides they do have a declarable interest, they are reminded that the interest and the nature of the interest must be declared at the commencement of the consideration of the agenda item; or when the interest becomes apparent to them. Details of the interest will be minuted.

Where you have a Prejudicial Interest (which is not a Disclosable Pecuniary Interest), Members are reminded that they must withdraw from the meeting chamber after making representations or asking questions.

If the interest is a Disclosable Pecuniary Interest, Members are reminded that they must take no part in the discussions of the item at all; or participate in any voting; and must withdraw from the meeting chamber; unless they have received a dispensation.

6. Chairman's Announcement's.

The contract for the office franking machine, which ends on 31st December 2017, has not been renewed. The annual cost was £307 and to break even 10,200 letters would need to be sent. As much correspondence as possible, including invoices, is sent electronically with no need for printing and postal costs, therefore, the franking machine was no longer needed.

From 2017 – 2022 Moore Stephens has been appointed as the External Auditors for West Sussex by Smaller Authorities Audit Appointments Ltd. (SAAA). Should there be any conflict of interest between any Councillor and the appointed auditors, the SAAA should be advised immediately. The Annual Return will be known as the "Annual Governance and Accountability Return" from 2017/18.

There are still guidelines coming from Government regarding General Data Protection Regulations that will come into force in May 2018. The Council has to appoint an independent Data Controller and the Internal Auditor advises that the Chairman of the Council could be considered for this role.

7. Financial Review to 30th November 2017

The Financial Report showing funding, income and revenue expenditure to 30th November 2017 is attached along with the reserve balances, balance sheet and income and expenditure to 30th November 2017.

The bank statement and the bank reconciliation for the current account will be available at the meeting.

8. Interim Internal Audit

Internal Auditor's Report attached.

Recommendations are as follows:-

To improve the access to statutory documents required to be published under the Transparency Code 2015 on the website using Crowborough Town Council's site as a model.

To amend Financial Regulation 3 to allow more time for preparation of the budget.

Serious concern was raised that the budget relies on general reserves to top up any deficit and a warning was made that with a predicted General Reserve of only around one months running costs, the Council could find itself in a position whereby it runs out of money and is referred to the Secretary of State. The Internal Auditor cautioned the Council against cutting costs as this will impact on the ability to provide valuable community services and advised that it was a better strategy to increase the precept.

9. Roffey Cemetery

The Parks and Countryside Manager at HDC has provided a breakdown of costs for the maintenance of Roffey Cemetery totalling £23,170 per annum. North Horsham Parish Council owns just over 32% of the Cemetery which equates to a cost of £7,460.74 per annum.

The list of activities includes grass cutting, strimming, herbicide treatment, litter collection twice a week between April and October and once a week over winter, leaf collection, memorial/ safety inspections, horticulture, enquiries and records, materials and planting, tree works, footpath repairs, management costs, capital costs and footpath resurfacing.

Some activities would be difficult for NHPC to cover as they require specialist training, for example memorial/ safety inspections and handling of the records. However, comparative costs have been sought for grass cutting currently HDC pay £25 per hour – (£11,250 per annum), strimming (£750 per annum) and litter collection (£1,640 per annum).

Grass cutting – pedestrian mowing used in cemeteries is specialist and more expensive than machine cutting. Quotations of £28 per hour and £35 per hour have been received from existing contractors used by the Parish Council. (HDC pay £25 per hour). Pedestrian mowing is used to reduce the likelihood of kerbs being damaged. Cuttings are collected to avoid a build up of thatch within the grass surface. The cost doesn't include inspecting that the work has been done

satisfactorily and responding to customer feedback.

Strimming – four days of strimming per year seems very low. Items have to be taken off the graves and replaced after strimming. Care also needs to be taken to ensure that items are not damaged or put back incorrectly. Given the nature of the work the current contractors could not match the current price of £25 per hour. Litter collection – Seasonal fluctuations which generate significant removal of litter would be difficult for the current litter wardens to cover bearing in mind their caretaking duties at Roffey Millennium Hall and other halls. Having additional duties would reduce the service already being provided and to provide cover, especially for holiday and illness purposes would require another litter warden to be employed. It is unlikely to fill a post for such short hours per week, but doing so would cost NHPC more than £1,640 per year. Therefore, there would be no reduction in costs.

HDC has the benefit of economies of scale and a larger workforce to cover the maintenance at the cemetery with which the Parish Council can't compete.

10. Horsham District Year of Culture 2019

The working party appointed by the Parish Council has suggested two projects to celebrate the heritage of North Horsham.

1. A weekend pageant where Horsham's only listed Ancient Monument, the motte and bailey castle at Chennells Brook is reconstructed as the main focus of a celebration including music and other activities relating to the period. No costing available at this time.
2. An exhibition of photographs 'North Horsham now and then' including a photographic competition. Cost maximum £3,500.

The Parish Council has not yet agreed the projects but HDC require an expression of interest for funding by 15th December. Without funding from an external source, there is no available funding for these projects.

11. Property Portfolio

Cllr. Torn to give a verbal report.

12. Precept for 2018/19

Part 1 Forecast from 2017/18

Revenue expenditure	500,932	500,932
Income		
Precept	293,551	
Council Tax Benefit Grant	1,403	
Environmental Grant	9,691	
Income from hall hires	173,500	478,145
Difference		22,787

The income/expenditure for 2017/18 is forecast to be on target. The deficit results from lack of clarity in previous years' calculations. The difference of £22,787 will

be taken from the General (operating) Reserve (GR) which will result in an estimated figure for 2017/18 of £52,490. **The recommendation from the Internal Auditor is that the GR should be around 50% of the precept. (£146,775)**

Part 2 Precept for 2018/19

Proposed expenditure	501,095	501,095
Income		
Income from hall hire	176,565	
Environmental Grant	9,691	186,256
Difference		314,839

A precept of £314,839 reflects a 7.5% increase on 2017/18's precept and equates to a 6.3% increase at the Band D equivalent to £36.36 per year. This is an increase of £2.15 per year. This would cover the revenue budget but will not make up for any deficit in the GR, neither will it allow for any funds to be set aside for repairs and renewals. The Council needs to consider and plan how it will make up this deficit.

13. Business Plan 2017- 2022 – Review

Extract from the Business Plan.

Financial Considerations

The Parish Council is funded through the precept and has ongoing revenue costs. To complete the aims and objectives to achieve the vision the Parish Council will have to consider the budget over the next few years.

	2015/16 Actual	2016/17 Actual	2017/18* Estimated	2018/19* Estimated running costs only	2019/20* Estimated running costs only
INCOME					
Finance	283	1,518	150	150	200
Allotments	500	750	765	765	765
NHH	56,362	57,651	60,000	60,900	62,727
HTB	26,397	27,068	27,000	27,800	28,000
Multi Courts	20,217	17,921	13,000	13,300	13,700
RMH	74,601	73,845	72,600	73,650	74,000
TOTAL	178,360	178,753	173,515	176,565	179,392
EXPENDITURE					
Finance	64,735	52,278	66,833	62,715	62,715
Grants	13,773	8,577	10,000	10,000	10,000
Burial	6,000	3,000	6,000	4,500	7,500

Planning	1,550	0	2,000	2,250	2,500
Allotments	1,179	717	1,300	1,350	1,350
Amenities	42,408	37,799	50,273	51,507	51,507
NHH	21,995	24,070	24,703	26,093	26,093
HTB	18,609	17,582	22,823	21,882	21,882
RMH	34,527	32,564	39,775	37,731	37,731
Personnel	287,220	293,325	277,225	283,067	287,313
TOTAL	491,996	469,912	500,932	501,095	508,591
NET EXPEND.	313,636	291,159	327,417	324,530	329,199
FUNDING					
Precept	278,908	282,726	293,552	314,839	319,508
Council Tax benefit	11,678	7,006	1,401	0	0
Environmental Grant	9,388	9,538	9,691	9,691	9,691
TOTAL	299,974	299,270	304,644	324,530	329,199

*Not based on any evidenced figures at this stage. Income based on 3% increase from 2019/20.

Earmarked Reserves

The proposed precepted amounts don't allow for increases in the level of Earmarked Reserves or General Reserves, therefore no funding is available for any projects listed in the Business Plan.

14. Grant Applications

Applications are available for review at the Parish Council Office.

Earles Meadow Conservation Group has applied for a grant of £550 to continue work on the Parish Council owned Public Space at Earles Meadow.

Earles Meadow Conservation Group keep open accesses to the woodland and meadows, regularly cut the paths around and through the meadows and pathways beside the stream, keep the streams free flowing, carry out minor repairs to the board walks, cut back brambles, coppice and thin trees, open up overgrown areas, do minor tree work, monitor anti social behaviour and collect litter. They also monitor wildlife and carry out annual surveys, improve wildlife habitats and improve the biodiversity of the site, maintain an outdoor nature classroom and facilitate nature events for local children.

The Earles Meadow Conservation Group won a Silver-gilt Award from South and South East in Bloom.

The group has earmarked reserves of £126 accrued from previous years that will be used to provide first aid training.

Funding has previously awarded as follows:-

June 2011	£200	Ongoing work
October 2016	£575	Ongoing Work

All of the requested information has been included with the application.

15. Date of next Meeting

15th February 2017 (Scheduled)

Pauline Whitehead BA(Hons) FSLCC
7th December 2017

Month No : 9

Committee Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available
Finance & Administration					
<u>101 Administration</u>					
4007	Councillors Training	412	750	338	338
4008	Councillors Expenses	2,698	5,850	3,152	3,152
4021	Telephone/Fax/Internet	2,516	5,500	2,984	2,984
4022	Postage	1,109	2,000	891	891
4023	Stationery and Printing	1,020	2,000	980	980
4024	Subscriptions	2,941	3,060	119	119
4025	Insurance	12,085	12,040	-45	-45
4026	Publications/Magazines	0	100	100	100
4028	IT Costs	1,562	2,133	571	571
4029	Website Maintenance	184	160	-24	-24
4031	Other Advertising	0	200	200	200
4032	Publicity/Marketing	0	1,000	1,000	1,000
4033	Newsletter	673	1,000	327	327
4034	Maintenance - Electrical	40	0	-40	-40
4038	Office Equipment Maint.	0	1,500	1,500	1,500
4051	Bank Charges	35	500	465	465
4053	PWLB Loan Charges	6,902	13,400	6,498	6,498
4057	External Audit Fees	-300	1,500	1,800	1,800
4058	Professional Services	4,481	3,000	-1,481	-1,481
4059	Internal Audit Fees	45	500	455	455
4100	Chairman's Allowance	111	400	289	289
4103	Parish Plan	0	10,000	10,000	10,000
4120	Roffey Hall Equipment	0	750	750	750
4122	Office Equipment	468	600	132	132
	Administration :- Expenditure	36,981	67,943	30,962	0
1008	Miscellaneous Income	312	0	312	0
1176	Precept	293,551	293,552	-2	0
1177	Council Tax Benefit Grant	1,403	1,401	2	0
1196	Interest Received	14	150	-136	0
	Administration :- Income	295,279	295,103	176	
	Net Expenditure over Income	-258,298	-227,160	31,138	
<u>103 Grants</u>					
4155	Other Grants and Donations	6,980	10,000	3,020	3,020
	Grants :- Expenditure	6,980	10,000	3,020	0
	Net Expenditure over Income	6,980	10,000	3,020	

Month No : 9

Committee Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available
<u>104</u> <u>Burial</u>					
4101 Burial Charges	6,000	1,500	-4,500		-4,500
Burial :- Expenditure	<u>6,000</u>	<u>1,500</u>	<u>-4,500</u>	<u>0</u>	<u>-4,500</u>
Net Expenditure over Income	<u>6,000</u>	<u>1,500</u>	<u>-4,500</u>		
Finance & Administration :- Expenditure	<u>49,961</u>	<u>79,443</u>	<u>29,482</u>	<u>0</u>	<u>29,482</u>
Income	<u>295,279</u>	<u>295,103</u>	<u>176</u>		
Net Expenditure over Income	<u>-245,318</u>	<u>-215,660</u>	<u>29,658</u>		
<u>Planning Environment & Transpo</u>					
<u>201</u> <u>Planning, Env & Transport</u>					
4305 Planning Consultant Fees	2,000	2,000	0		0
Planning, Env & Transport :- Expenditure	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Expenditure over Income	<u>2,000</u>	<u>2,000</u>	<u>0</u>		
Planning Environment & Transpo :- Expenditure	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Income	<u>0</u>	<u>0</u>	<u>0</u>		
Net Expenditure over Income	<u>2,000</u>	<u>2,000</u>	<u>0</u>		
<u>Property</u>					
<u>301</u> <u>Allotments</u>					
4012 Water Rates	81	218	137		137
4102 Allotment Rent	0	250	250		250
4200 Grass cutting	375	750	375		375
4259 Allotment Maintenance	0	100	100		100
Allotments :- Expenditure	<u>456</u>	<u>1,318</u>	<u>862</u>	<u>0</u>	<u>862</u>
1050 Allotment Rents	765	765	0		0
Allotments :- Income	<u>765</u>	<u>765</u>	<u>0</u>		
Net Expenditure over Income	<u>-309</u>	<u>553</u>	<u>862</u>		
<u>302</u> <u>Amenity, Recs & Open Sp</u>					
4012 Water Rates	-92	0	92		92
4019 Window Cleaning	1,555	2,280	725		725
4200 Grass cutting	10,410	18,870	8,460		8,460
4250 Bus Shelter Repairs	0	2,000	2,000		2,000

Month No : 9

Committee Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available
4251 Play Area & M Crts Maint	1,710	8,000	6,290		6,290
4252 Open Spaces	5,789	9,000	3,211		3,211
4253 Litter Warden/Clearance	0	650	650		650
4254 Community Services - Dog Bins	1,295	1,853	558		558
4255 Street Lighting - Maint/Supply	1,232	4,500	3,268		3,268
4258 Multicourts Maintenance	1,652	2,424	772		772
4260 Workshop	0	100	100		100
4302 Notice Board Maintenance	413	1,212	799		799
Amenity, Recs & Open Sp :- Expenditure	23,963	50,889	26,926	0	26,926
1100 Grants Received	9,691	9,500	191		0
Amenity, Recs & Open Sp :- Income	9,691	9,500	191		
Net Expenditure over Income	14,272	41,389	27,117		
Property :- Expenditure	24,419	52,207	27,788	0	27,788
Income	10,456	10,265	191		
Net Expenditure over Income	13,963	41,942	27,979		

Halls

401 North Heath Hall					
4011 NNDR	4,869	6,070	1,201		1,201
4012 Water Rates	277	1,020	743		743
4014 Electricity	1,599	3,000	1,401		1,401
4015 Gas	872	2,000	1,128		1,128
4016 Cleaning Materials	672	1,800	1,128		1,128
4017 Refuse Bin Clearance	796	808	12		12
4018 Sanitary Waste	142	152	10		10
4019 Window Cleaning	190	323	133		133
4034 Maintenance - Electrical	331	2,000	1,669		1,669
4035 Maintenance - Elect Eqp Insp	423	250	-173		-173
4036 Maintenance - General	776	2,000	1,224		1,224
4037 Maintenance - Fire Alarm Syt	538	500	-38		-38
4039 Maint - Intruder Alarm	950	909	-41		-41
4041 Maintenance - Fire Extg Insp	0	150	150		150
4042 Maintenance - Gas Boiler etc	258	200	-58		-58
4044 Maintenance - Partition Wall	350	700	350		350
4061 Legionella Testing	213	250	37		37
4063 Maintenance - Plumbing	0	750	750		750
4065 Fire Prevention Sundries	131	75	-56		-56
4066 Keyholder Services	90	422	332		332

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Committee Report

		Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available
4500	Internal Redecorations	729	1,000	271		271
	North Heath Hall :- Expenditure	14,207	24,379	10,172	0	10,172
1000	Hall Lettings	39,718	60,200	-20,482		0
	North Heath Hall :- Income	39,718	60,200	-20,482		
	Net Expenditure over Income	-25,511	-35,821	-10,310		
<u>402</u>	<u>Holbrook Recreation Centre</u>					
4011	NNDR	2,922	3,315	393		393
4012	Water Rates	2,195	1,632	-563		-563
4014	Electricity	1,779	3,500	1,721		1,721
4015	Gas	255	1,500	1,245		1,245
4016	Cleaning Materials	1,052	1,000	-52		-52
4017	Refuse Bin Clearance	796	808	12		12
4018	Sanitary Waste	142	152	10		10
4019	Window Cleaning	160	300	140		140
4034	Maintenance - Electrical	852	2,000	1,148		1,148
4035	Maintenance - Elect Eqp Insp	1,331	1,750	419		419
4036	Maintenance - General	924	2,000	1,076		1,076
4037	Maintenance - Fire Alarm Syst	1,589	500	-1,089		-1,089
4039	Maint - Intruder Alarm	618	909	291		291
4041	Maintenance - Fire Extg Insp	0	150	150		150
4042	Maintenance - Gas Boiler etc	331	200	-131		-131
4061	Legionella Testing	148	250	102		102
4063	Maintenance - Plumbing	73	750	677		677
4065	Fire Prevention Sundries	4	75	71		71
4066	Keyholder Services	140	422	282		282
4500	Internal Redecorations	54	1,000	946		946
	Holbrook Recreation Centre :- Expenditure	15,364	22,213	6,849	0	6,849
1000	Hall Lettings	23,974	26,200	-2,226		0
1010	Multi Court Lettings	12,979	12,240	739		0
	Holbrook Recreation Centre :- Income	36,953	38,440	-1,487		
	Net Expenditure over Income	-21,589	-16,227	5,362		
<u>403</u>	<u>Roffey Millennium Hall</u>					
4011	NNDR	4,735	6,304	1,569		1,569
4012	Water Rates	588	1,632	1,044		1,044
4014	Electricity	2,699	5,000	2,301		2,301
4015	Gas	1,345	6,000	4,655		4,655

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Committee Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	
4016	Cleaning Materials	1,163	1,800	637	637	
4017	Refuse Bin Clearance	1,574	1,591	17	17	
4018	Sanitary Waste	142	303	161	161	
4019	Window Cleaning	300	606	306	306	
4020	Refreshment Sale Cost/Sundries	357	750	393	393	
4034	Maintenance - Electrical	381	2,000	1,619	1,619	
4035	Maintenance - Elect Eqp Insp	40	2,000	1,960	1,960	
4036	Maintenance - General	2,403	2,750	347	347	
4037	Maintenance - Fire Alarm Syt	234	500	266	266	
4039	Maint - Intruder Alarm	1,423	909	-514	-514	
4040	Maintenance - Elevator	1,192	909	-283	-283	
4041	Maintenance - Fire Extg Insp	67	150	84	84	
4042	Maintenance - Gas Boiler etc	1,050	500	-550	-550	
4044	Maintenance - Partition Wall	0	550	550	550	
4061	Legionella Testing	120	400	280	280	
4062	Air Conditionaing Maintenance	270	354	84	84	
4063	Maintenance - Plumbing	0	1,500	1,500	1,500	
4064	Lightning Conductor Works	220	275	55	55	
4065	Fire Prevention Sundries	0	250	250	250	
4066	Keyholder Services	90	422	332	332	
4500	Internal Redecorations	909	1,000	91	91	
	Roffey Millennium Hall :- Expenditure	21,301	38,455	17,154	0	17,154
1000	Hall Lettings	46,756	71,400	-24,644	0	0
1004	Equipment Sale/Sundry Income	1,005	600	405	0	0
1006	Refreshment Sale Income	1,456	2,000	-544	0	0
	Roffey Millennium Hall :- Income	49,217	74,000	-24,783		
	Net Expenditure over Income	-27,916	-35,545	-7,629		
	Halls :- Expenditure	50,872	85,047	34,175	0	34,175
	Income	125,888	172,640	-46,752		
	Net Expenditure over Income	-75,016	-87,593	-12,577		
Personnel						
106	Personnel					
4001	Salaries/NI/Pensions	157,528	272,565	115,037	115,037	
4003	Payroll Admin Charge	393	360	-33	-33	
4009	Staff Expenses/Mileage	2,230	2,500	270	270	
4010	Staff Training	1,086	1,500	415	415	
4030	Recruitment Advertising	323	400	77	77	
	Personnel :- Expenditure	161,560	277,325	115,765	0	115,765
	Net Expenditure over Income	161,560	277,325	115,765		

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Committee Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available
Personnel :- Expenditure	161,560	277,325	115,765	0	115,765
Income	0	0	0		
Net Expenditure over Income	161,560	277,325	115,765		
<u>Earmarked Reserves</u>					
901 <u>Earmarked Reserves</u>					
4900 Repairs & Renewals Reserve	1,900	0	-1,900		-1,900
4907 Planning Reserve	215	0	-215		-215
Earmarked Reserves :- Expenditure	2,115	0	-2,115	0	-2,115
Net Expenditure over Income	2,115	0	-2,115		
Earmarked Reserves :- Expenditure	2,115	0	-2,115	0	-2,115
Income	0	0	0		
Net Expenditure over Income	2,115	0	-2,115		

NORTH HORSHAM PARISH COUNCIL
RESERVE BALANCES -30th November 2017

		RESERVES			EXPENDITURE	INCOME	EXPENDITURE			INCOME	NOTE	
		BALANCE	TRANSFER	BALANCE	ACTUAL	ACTUAL	BALANCE	TRANSFER	ACTUAL	ACTUAL		
		31.3.2016	31.3.2016	1.4.2016	01.04.2017	31.03.2017	31.03.2017	01.04.2017	30.11.2017	30.11.2017		
310/0	GENERAL RESERVES	101744	-24100	77644	470391	478024	85277	-10000	288812	431623	218088	
	EARMARKED RESERVES											
320/0	REVENUE - VAT Contingency	7955	0	7955	0	0	7955		0	0	7955	
321/0	REPAIRS & RENEWALS	140666	20100	160766	23736	0	137030	8000	1900	0	143130	
322/0	ELECTION	19950	0	19950	0	0	19950		0	0	19950	
325/0	DAMAGE	4000	0	4000	0	0	4000	-4000	0	0	0	3
326/0	YOUTH PROVISION	0	0	0	0	0	0		0	0	0	
327/0	ROFFEY YOUTH CLUB	5621	0	5621	0	0	5621		0	0	5621	1
328/0	PLANNING	8000	4000	12000	3750	0	8250		215	0	8035	
330/0	CAPITAL PROJECTS	4000	0	4000	0	0	4000	-4000	0	0	0	3
331/0	NEIGHBOURHOOD PLAN	0	0	0	0	0	0	10000	0	0	10000	4
335/0	CAPITAL RECEIPT	25000	0	25000	0	0	25000		0	0	25000	2
		316936	0	316936	497877	478024	297083	0	290927	431623	437779	

- 1 Roffey Youth Club Monies held following the closure of Roffey Youth Club
- 2 Capital Receipt Capital Receipt from sale of land at North Heath Hall for Capital projects identified in the Business Plan only.
- 3 Damage/ Capital projects Reserves moved to 321 Repairs and Renewals agreed by F&A.
- 4 Neighbourhood Plan Fund created for the NP

North Horsham Parish Council 17/18

Income and Expenditure Account for Year Ended 30th November 2017

31st March 2017

30th November 2017

	Income Summary	
282,726	Precept	293,551
163	Interest Received	14
<u>282,889</u>	Sub Total	<u>293,565</u>
	Operating Income	
17,899	Administration	1,715
750	Allotments	765
0	Amenity, Recs & Open Sp	9,691
57,651	North Heath Hall	39,718
44,989	Holbrook Recreation Centre	36,953
73,845	Roffey Millennium Hall	49,217
<u>478,024</u>	Total Income	<u>431,623</u>
	Running Costs	
52,278	Administration	36,981
0	Section 137	0
8,577	Grants	6,980
3,000	Burial	6,000
293,325	Personnel	161,560
0	Planning, Env & Transport	2,000
717	Allotments	456
37,799	Amenity, Recs & Open Sp	23,963
24,070	North Heath Hall	14,207
17,582	Holbrook Recreation Centre	15,364
32,564	Roffey Millennium Hall	21,301
27,966	Earmarked Reserves	2,115
<u>497,877</u>	Total Expenditure	<u>290,927</u>
	General Fund Analysis	
101,744	Opening Balance	85,277
478,024	Plus : Income for Year	431,623
<u>579,768</u>		<u>516,901</u>
497,877	Less : Expenditure for Year	290,927
<u>81,891</u>		<u>225,973</u>
-3,386	Transfers TO / FROM Reserves	7,886
<u>85,277</u>	Closing Balance	<u>218,087</u>

31st March 2017

30th November 2017

Current Assets		
17,150	Debtors	17,258
169	Vat Refunds	-805
553	Prepayments	0
162,724	Lloyds Bank Accounts	253,348
148,800	Co-op Community Directplus A/c	108,800
0	Nationwide	60,000
150	Petty Cash	150
329,547		438,751
329,547 Total Assets		438,751
Current Liabilities		
7,139	Creditors	972
25,325	Accruals	0
32,464		972
297,083 Total Assets Less Current Liabilities		437,779
Represented By		
85,277	General Reserve	219,623
7,955	Earmarked Reserves - VAT Con	7,955
137,030	Earmarked Reserves - R&R Fund	141,596
19,950	Earmarked Reserves - Election	19,950
4,000	Earmarked Reserves - Damage	0
5,621	Ear Marked Res-Yth Charity Bal	5,621
8,250	Ear marked Reserve Planning	8,035
4,000	Earmarked Reserves - Cap.Proj.	0
0	Earmarked Reserve - NP	10,000
25,000	Ear Marked Res Capital Receipt	25,000
297,083		437,779

The above statement represents fairly the financial position of the authority as at 30th November 2017 and reflects its Income and Expenditure during the year.

Signed :
Chairman

Date : _____

Signed :
Responsible
Financial
Officer

Date : _____



MULBERRY & CO

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& Chartered Tax Advisors

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Our Ref: MARK/NOR002

Mrs P Whitehead
North Horsham Parish Council
Roffey Millennium Hall
Crawley Road
Horsham
West Sussex
RH12 4DT

6th December 2017

Dear Pauline

Re: North Horsham Parish Council
Internal Audit Year Ended 31st March 2018

Following completion of our interim internal audit we enclose our report for your kind attention and presentation to the Council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples where appropriate covered the entire year to date. Where appropriate recommendations for future action are shown in bold text.

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The internal audit reports should therefore be made available to all members to support and inform them when they are considering the authority's approval of the annual governance statement.

Interim Audit – Summary Findings

At the interim visit we reviewed and performed tests on the following areas:

- Review of the Financial Regulations & Standing orders
- Review of the Risk Assessments
- Review of the Budgeting process
- Proper Bookkeeping – review of the use of the accounts package.
- Review of salaries
- Review of fixed asset register

It is our opinion that the systems and internal procedures at North Horsham Parish Council are very well established, regulated and followed. The clerk ensures the council follows best practice regulations and has over time adapted and changed the internal procedures as regulations and technologies have changed to maintain compliance.

It is clear the council takes governance, policies and procedures very seriously and I am pleased to report that overall the systems and procedures you have in place are entirely fit for purpose and indeed are a model of good practice. I would like to thank Pauline and her team for their assistance and hard work.

A. Books of Account

The Council continues to use RBS an industry specific accounting package. The RBS system is used daily to report and record the financial transactions of the Council and a review of the cashbook shows that all data fields are being entered, the hard copy reports are easy to read and logically filed.

The clerk/RFO prints off and files in hard copy, bank reconciliation, cashbook, income and expenditure against budget and other reports as fit. This is a clear and easy to follow system and I make no recommendation to change in this process.

My audit testing showed that supporting documentation could be readily located from records recorded on RBS. I make no recommendation to change in this system.

I tested opening balances as at 1.4.17 and confirmed they could be agreed back to the audited accounts for 2016-17.

I confirmed that the Council's last VAT return was for the quarter ended 30th September 2017, the council's returns are up to date.

The Council is required by law to follow the 2015 Transparency Code, a review of the web site shows that the code is being followed, but it was a little tricky to navigate. **I have recommended that it would be sensible to carry out a brief audit against the requirements of the Code to ensure that the Council is fully compliant and to this end I have signposted Crowborough Town Council as a good site to review.**

In the light of the new data protection regulations (GDPR) coming into force in May 2018; the council has begun work on this.

I am of the opinion that the council is keeping appropriate books of account.

B. Financial Regulations, Governance & Payments

I confirmed by sample testing that Councillors have all signed "Acceptance of Office" forms and register of members interests, in line with regulations.

Standing orders are based on the NALC model and the council has revised and adopted standing orders in May 2017.

Financial regulations are based on an older NALC model and are dated May 2017. The regulations being based on the NALC model contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

Financial regulation 2 deals with Accounting and Audit. The clerk/RFO was able to demonstrate the bank reconciliation, bank statement are signed in accordance with regulations and minutes described the activity beyond reasonable doubt.

Financial regulation 3 deals with Annual Estimates (Budget) and Forward Planning council is following regulation; however, **I recommend that the October date is changed to November or December to give breathing space.**

Financial regulation 5 & 6 deal with authorisation and making of payments. The payments list and the minutes show beyond doubt what is being approved, invoices are annotated and checked and an annual list of payments will be drawn up.

Invoices are authorised and a random sample of payments was selected for September 2017. There were no errors and all agreed to the payments list. The council makes payments via cheque, bacs, direct debit & credit card. No cash payments.

The council has an on-line system with Lloyds this has a natural segregation of duties insofar as the same user cannot both create and authorise the same transaction. The payments are entered into the bank system and a payments list produced, this is signed as approved for authorisation.

The credit card is the name of the council and cleared each month in the same manner for supplier invoices.

Salaries are paid via Capita – the council pays capita in the same manner as a supplier invoice.

C. Risk Management & Insurance

The council has a risk assessments and a risk management policy in place in accordance with regulations.

I have confirmed that the Council has a valid insurance certificate. The Council reviews its insurance requirements as part of the renewal process. Asset & money cover appears adequate.

D. Budget, Precept & Reserves

In accordance with financial regulation 3, I confirmed that the 2018-19 budget and precept setting process was well underway at the time of our interim audit, with initial budget meetings complete. The 2018-19 budget and precept will be approved by the end of January 2018, so all precepting authority deadlines will be met.

The Council was able to demonstrate that budget monitoring reporting to members is comprehensive, and is appropriately minuted. At the 30th November, total income was £431,624 (Annual budget £478,200). Expenditure £288,673 (Annual budget £496,023). Income and expenditure is broadly in line with budget and it is noticed this is a deficit budget which will reduce available general reserves.

The council has detailed workings on reserves, the reserves position at 30th November is £438k of which £220k are earmarked leaving £218k as a general reserve, it is anticipated this will reduce to circa £60k by the year end. At a precept level of circa £300k general reserves would be expected to be £150k as adjusted for local conditions. A general reserve balance of £60k is far too low and only gives the council one month's cover and no room for emergency expenditure. A review of the earmarked reserves shows that these are appropriately allocated and in the case of the maintenance fund a little low for the buildings and other assets are therefore not available for significant reallocation to general reserve.

It is clear North Horsham Parish Council is a low cost council and prides itself in having a low precept, but the costs of running the council are such that over time the increases in precept have not met inflationary changes in costs. **I would caution the council in making cost reductions as this will impact of the ability to provide valuable community services, in my opinion it is a better strategy to increase precept and thereby increase the spending on the provision of visible services.**

E. Income

Financial regulations state fees must be reviewed annually. Council reviews and minutes. A random selection showed that council is charging the amounts shown on the printed and published lists.

The council has, precept income, grant income, hire income and allotments.

F. Petty cash

To be tested at year end.

G. Payroll

Employees are paid with reference with NJC scales for consistency purposes. The signed minutes show that council approves changes to wages.

The council has fulfilled its obligations in respect of auto enrolment.

H. Assets and investments

The Council has a detailed list of assets in the financial accounts and within its working papers a detailed list of individual assets. This is in accordance with regulations.

I. Bank reconciliations

I have tested that the bank accounts are being reconciled promptly at the end of each month. I also re-performed the November bank reconciliation. I found no error in the reconciliation.

J. Year end accounts

To be tested at year end

K. Trusteeship

No trusts.

Should you have any queries please do not hesitate to contact me.

Kind regards

Yours sincerely

Mark Mulberry

North Horsham Parish Council

Internal Audit Plan

31/03/2018



Prepared by: Mulberry & Co
Date of Interim Visit: 21st October 2016
Date of Final Visit: 23rd May 2017

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Law and Regulation Regarding Internal audit **Error! Bookmark not defined.**

Specific Audit Plan **Error! Bookmark not defined.**

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Checklist of items for each visit..... **Error! Bookmark not defined.**

Law and Regulation Regarding Internal audit

Regulation 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on local councils to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.' For parish and town councils, this guidance is set out in the NALC publication "Governance and Accountability for Smaller Authorities in England."

The purpose of internal audit is to review and report to the council whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit's role is to assist the council in fulfilling its responsibility to have and maintain proper internal control arrangements and those for the prevention and detection of fraud, error or mistakes. All internal audit work must be reported to the council. Any report by internal audit is addressed to the council, may recommend actions to be taken by the council, and should be treated as a document open to view by local taxpayers.

Two pieces of legislation set out how local councils should behave when accounting for the public funds they manage and what rights local taxpayers have in relation to those accounts. These are the **Local Audit and Accountability Act 2014** and the **Accounts and Audit Regulations issued from time to time under the Act**. Sections 25-27 of the Local Audit and Accountability Act 2014 set out the rights for local government electors and interested parties to inspect council accounting records and accounting statements.

Under these regulations, all local councils must at least once a year conduct in accordance with proper practices a review of the effectiveness of their system of internal control and publicly report the outcome. The Annual Governance Statement in Section 2 of the annual return provides the means for local councils to report to local taxpayers on their system of internal control.

This report is prepared for the council and proper officers of the council named above, for use in fulfilling their obligations under the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations issued from time to time under the Act for preparing the Annual Return and reviewing the effectiveness of their system of internal controls. Mulberry and Co accept no responsibility for any action or inaction taken as a result of the findings of this report and accept no responsibility to any other party other than those named above.

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Specific Audit Plan

Audit Area	Risk of error or misstatement	Tests
Appropriate books of account have been kept properly throughout the year.	Low	Review transactions in cashbook make verbal enquiries. Test arithmetic.
The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Low	<p>Have FR & Standing orders been reviewed and noted in minutes in last 12 months</p> <p>Select items from FR to test to physical documentation</p> <p>Review invoices and reconcile to cash book in detail</p> <p>Review selection of VAT entries</p> <p>Review minutes and payment list for authorisations</p> <p>Agendas and minutes properly prepared and published</p> <p>Council has acceptance of office and declarations of interest in place and signed</p> <p>Review council is following transparency regulations</p>
The council assessed the	Low	Review and comment on risk assessments

<p>significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>		<p>in place – ensure financial risk assessment considered</p> <p>Review of effectiveness of audit carried out</p> <p>Review and comment on council disaster recovery plans</p> <p>Review and comment on council’s insurance</p>
<p>The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate</p>	<p>Low</p>	<p>Review minutes for evidence of council discussion of the same</p> <p>Review and comment on actual versus budget information presented to council</p> <p>Review and comment on level of general and earmarked reserves</p>
<p>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	<p>Low</p>	<p>Test precept application to precept receipts</p> <p>Test other income to annual charges (as approved by council)</p> <p>Test sample of VAT charged</p> <p>Comment on any partial exemption issues</p>
<p>Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately</p>	<p>Low</p>	<p>Test physical cash balances to accounting records</p>

accounted for.		<p>Review items paid for by cash</p> <p>Enquire as to if cash received is banked entire or used for petty cash</p>
Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	Low	<p>Test rates and hours are authorised</p> <p>Test net wages to payments due</p> <p>Ensure PAYE paid on time</p> <p>Council has pensions provision in place</p>
Asset and investments registers were complete and accurate and properly maintained.	Low	<p>Assets shown at cost or proxy cost only</p> <p>Asset register sufficiently detailed</p> <p>Review insurance schedule and cashbook for missing items off the register</p>
Periodic and year-end bank account reconciliations were properly carried out.	Low	<p>Test reconciliation in detail for all accounts</p> <p>Are reconciliations signed and presented to council</p> <p>Test loans to PWLB and or other documentation</p>
Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the	Low	<p>Review and comment on method of preparation</p> <p>Box 7 & 8 reconciliation agrees if</p>

<p>cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.</p>		<p>applicable</p> <p>Schedules of prepayments, accruals, debtors and creditors agree to final accounts</p> <p>Electors rights has correct date parameters</p>
<p>Trust funds (including charitable) The council met its responsibilities as a trustee.</p>	<p>Low</p>	<p>Enquire as to if council is sole managing trustee and note details</p> <p>Ensure accounts do not contain trust income or expenditure</p>

Budget		Hours
Planning & Systems Work	Interim Visit	4
File Review and reporting	Interim Visit	1
Financial Procedures	Final Visit	4
File review	Final Visit	1
Total Budget Hours		10
Hourly Rate		£50
Time Cost		£500
Other costs	Mileage	£20
Total Budgeted Cost		£520
Total Budgeted Fee		£550

Timetable

Autumn	Planning and Interim Audit work
April - July	Council reviews and signs off Annual Governance Statement
	Council prepares year end accounts
	Final Internal Audit
	Annual Return Taken to council for approval
	Notice of electors rights and accounts published
	Accounts sent to external auditor for audit

Checklist of items for each visit

1. Financial Regulations, standing orders and risk assessments taken to council for review at least annually
2. Bank reconciliation prepared and presented to council for all bank accounts regularly
3. Declarations of interest and acceptance of office forms signed and in place
4. Interim Visit
 - a. Financial Regulations, Standing Orders and Risk assessments on hand
 - b. Insurance schedules on hand
 - c. Signed Minutes available
 - d. Evidence of recommendations from previous internal or external audits have been taken to council and adopted
 - e. Copy of prior year signed annual return
 - f. Bank reconciliation on hand and signed off (all accounts)
 - g. PWLB statements if applicable available
 - h. Payroll & VAT records available
 - i. Proof of annual charges being agreed by council on hand
 - j. Invoices paid & Payment lists available
 - k. Cheque books and paying in books available
 - l. Transparency regulations being followed
5. Final Visit
 - a. External auditors letter on site and to hand
 - b. Annual return prepared (in draft)
 - c. Bank reconciliation agrees to annual return
 - d. Box 7 & 8 reconciliation prepared and agreed to annual return
 - e. Variance analysis completed and agrees to annual return
 - f. Fixed asset register agrees to annual return
 - g. PWLB statements if applicable available
 - h. Audit trail from underlying accounting records to annual return agrees
 - i. Transparency regulations being followed