Report from Finance Advisory Group Chairman

Finance Report 2

2.1 Internal Audit and Annual Governance & Audit Review (AGAR)

The letter from our Internal Auditor is attached.
Please note all the guidance she has included.

Our appointed internal auditor has suggested two options for completing the mandatory Independent Internal Audit and signing the AGAR forms for submission to the (Government-appointed) external auditors.

Proposal 2.1.1: Council is asked to approve a request to the auditor for BPC to act in line with Option 1 if possible i.e. delay her work until the lockdown has ended.

Proposal 2.1.2: Council is asked to delegate authority to the RFO, Chairman Finance-AG and Chairman BPC working together on the method to be used to meet this mandatory requirement if it later becomes apparent that lockdown will not be ended at a time to make that appropriate, allowing for subsequent actions which the Council must take in relation to the AGAR report

The introduction of Regulations relating to the Covide-19 pandemic mean that the final date by which the full Council must have received and approved the AGAR submission and Internal Auditor's Report no later than 31 August 2020. However BPC does not normally meet in August.

Proposal 2.1.3: That the AGAR submission and the Internal Audit Report will be completed at the earliest opportunity and presented no later than July 2020 for consideration at that full Council meeting.

2.2 Payment of 2020-21 Grants to VHT and Scouts

Following the approval in November 2019 of grants for these two local organisations, and in the light of the receipt from HDC of the first half of the BPC Precept income, both organisations have been advised that payment can now be made.

BVHT have been asked to advise the details of the bank account into which this grant (£5,520) is to be paid. A response is awaited.

Buckden and Southoe Scouts have confirmed that the trip to Kanderstag International Scout Camp has been postponed to 2021. They have asked to receive payment of the grant (£400) in September 2020, to help them offset payments that they have already had make for this trip.

Proposal 2.2: Council is asked to approve payment of the BVHT grant as a single payment ASAP and the Scouts' grant in September, as they have requested.

2.3 Finance Advisory Group (FAG) actions

The notes from the Finance AG meeting on 21 April 2020 have been circulated to AG members and are available to all Councillors on request.

FINANCE REPORT 2 APPENDIX 1

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Independent Internal Audit Service for Parish and Town Councils

8th April 2020.

So we have reached the 2019/2020 financial year end.

I will probably have discussed the following proposals with you on the telephone and so this email will be by way of confirmation for the council to formally consider.

I propose the two following options for completing the Independent Internal Audit and the signing of the AGAR forms for submission to the external auditors.

1. I contact you (or you me), once the social lock down has been lifted and when you know you will have the adoption of the year end accounts and completion of the AGAR form signed. Providing this is still within the new time frame (which is now the end of August) we can make an appointment for me to come in and undertake a face-to-face session as originally planned.
2. We could either use the date that has already been set for me to undertake the Audit or we can set a new date and time in June/July/even August when we could undertake the following procedure:
   - An hour before the time booked, I will view all the relevant documents available on your web page and tick off boxes on my check list where I can.
   - I will then phone you on skype (you will need to give me your address) and we can then have a discussion on any queries I still have.
   - Then when you have the signed adoption of the year end accounts and the correctly completed AGAR form together with any other required documents – these could be posted to me together with a stamped self-addressed envelope.
   - I could then reconcile them, phone you if I have any further queries, and then sign my section of the AGAR form and return them.
   - I would then email you my report and checklist and invoice in the usual manner.

Please confirm which option your council would like, or any alternative that could be more practical for your council.

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Now looking more positively forward to the new financial year and I hope the following thoughts and suggestions might be helpful:

1. Yes, the financial year end process is deferred BUT I do urge you all to complete the year end accounts and reconcile them to produce an accurate carry forward figure to open this year's accounts, whilst it is still all fresh in your mind.
2. Please do not be persuaded or tempted to assume more delegated powers than you had already.
3. Remind all councillors that as members of a Corporate Body they are not permitted to undertake any individual actions or take individual decisions on behalf of the Council. All decisions (however taken) must be quorate or conform with financial regulations.
4. It is now more important than ever, for you to be able to produce written evidence that all decisions and actions were legal. Each month you could then send a list confirming the progress of each decision agenda number together with a copy of a budgetary control statement and ....

5. I would suggest that you send a log sheet of the hours worked for that month for council approval – which might well be more than your approved core hours due to the setting up of unique systems currently required. Most of you already undertake lone working!
6. I know I keep on about evidence whenever I talk to you, but globally everyone is assuming that we will be able to continue using an uninterrupted supply of power and use of satellite technology throughout this unprescedented time – where will we be if we lose these and cannot access our back up system on the cloud etc? It seems unnecessary to consider anyone complaining about some unwelcome decision or action taken in good faith – but somewhere someone will and you need to prove your council tried! So continue to maintain an up-to-date official minute book and the cash book regularly updated with regular printed copies for archive.
7. Which brings me to risk management – please do not allow your councillors to abandon this.
   i) Do not let your insurance premium renewal expire. Just because the government has closed all play areas and parks doesn't mean that some clot wont injure themselves on a piece of faulty equipment and perhaps successfully claim damages.
   Check with your insurance company what needs to reasonably be done in order to qualify for public liability insurance under these unique times.

Above all – I hope you and your family remain safe and well and see you when we all recover from this pandemic.

Regards
Jacquie Wilson (Mrs)
Director

Report from Finance Advisory Group Chairman

2.3.1 EARMARKED RESERVES

FAG did not request or recommend any changes to the 2020-21 opening position on Earmarked Reserves reported to Council in April 2020

2.3.2 RISK ASSESSMENTS IN RELATION TO NEW ASSETS

For the new MVAS units, the Financial Risks Assessment has been completed and required actions initiated. The operational risks assessments are being prepared and implications will be managed once the MVAS unit is in place.

This meets the Financial Regulation 17.1 requirement that:

> *"When considering any new activity, the Clerk [with the RFO] and with relevant Advisory Group or Committee Chairman shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council."*

2.3.3 INVESTMENT OF BPC RESERVES

These were previously discussed and arrangements agreed at Council November 2018 Options for the investment of cash assets of BPC were discussed at April 2020 Finance AG. This included proposed principles for investment, adapted from those used by St Neots Town Council. In addition, and at the request of the Finance AG, the potential banking options were considered for their credentials in relation to climate change mitigation. It is noted that Nationwide is one of the top three account providers on this basis, when reviewed by the Earth Day group of researchers.

The attached Appendix sets out the draft principles, details of BPC reserve funds available at 31 March 2020 and interest rates available (last checked 03 May 2020) on accounts currently used and proposed.

The recommendation from the Finance AG Chairman and RFO was accepted, to move up to the full amount (£83,160 of business savings funds from the NatWest business savings account (access only via branch and post) to business savings accounts with Nationwide Building Society.

- Nationwide offers better interest rates than the current business savings account and much simpler access (online) to funds and information.
- It is proposed that a mixture of instant access and term deposits will be made, after consideration of when funds may need to be accessible.
- Once invested the distribution of the BPC business savings will be reported to Council.

Proposal: Council is asked to approve the proposed way forward and confirm the Finance Advisory Group's view that a fuller investment strategy is <u>not</u> required at this stage.

This proposal meets the requirement in the Finance Regulation 8.5 that:

> *"The council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually."*

INVESTMENT APPENDIX - attached, 3 pages

FINANCE REPORT 2. APPENDIX 2.

BUCKDEN PARISH COUNCIL - PRINCIPLES FOR INVESTMENT OF BPC CASH ASSETS

DRAFT 1 17April 2020 **Prepared by Chairman, Finance AG** with acknowledgement to St Neots Town Council Investment Strategy

We are required to manage the Council Tax payers' money prudently and efficiently.
These are the principles Buckden Parish Council will follow to achieve that in relation to management of cash which could be invested

Overview

This document (including the attached work sheets) gives information on proposed investments and other management of BPC cash assets to ensure:

The return on its investments commensurate with proper levels of security and liquidity;

External borrowing and other long term liabilities are within prudent and sustainable levels

Treasury Management decisions are taken in accordance with good professional practice.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice defines Treasury Management as: 'The management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

Proposed Investment Objectives and Risk Assessment

In accordance with the revised guidance issued by Communities and Local Governance (CLG) that became effective on or after 1 April 2018, the Council's investment priorities are **Security, Liquidity and Yield in that order of importance.** The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity;

All investments will be made in sterling and any payments or repayments will also be in sterling;

All investments will be made in the name of the Council and with UK registered financial institutions registered with and regulated by the Financial Conduct Authority;

Investments will be made with a body and investment scheme which has been awarded a high credit rating and credit ratings will be monitored regularly.

If external investment managers are used, they will be contractually required to comply with the Strategy;

Liquidity of Investments

The Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed in specified investments so that liquidity is not compromised.

INFORMATION TO INFORM INVESTING BUCKDEN PC CASH ASSETS IN 2020-21

Note: Total investment under any one banking Firm Reference Number (FRN) will be maintained below the FSCS protection threshold

Source of cash asset	Value £	interest?	Purpose	When will these funds be needed?	Comment
1. END OF YEAR BALANCES					
Unity Trust (current account)	£ 15,518	no	Instant access for payment of revenue costs	monthly	Will explore use of Unity bank instant access business savings account
Bank of Scotland 3-month term deposit	£ 17,798	0.65%	Medium-term holding of reserve funds		BoS deposit cannot be accessed during fixed term
NatWest business savings account	£ 83,160	0.01%	At 31 March 2020 holds majority of Reserve funds		This account receives repayment of BoS Fixed term deposits
	£ 116,476		at 31 March 2020		
OF WHICH, EARMARKED RESERVES	£ (52,025.81)		For identified projects	variable - may be more than 3 months' notice e.g. grant expenditure	
General Reserve Fund 31 March 2020	£ 64,450.43		For unplanned revenue costs	short-notice	Value of this reserve must be maintained in line with national guidance
2. HDC INCOME EXPECTED 2020-21					
Precept first 6 month payment	£ 69,528		Planned running costs - BPC		
Precept second 6 month payment	£ 69,528		Planned running costs - BPC		
CIL - Lucks Lane Oct19-Mar20	£ 49,780		Priority infrastructure projects		
CIL - Lucks Lane Apr20-Oct20	£ 49,780	£TBC	Priority infrastructure projects		
3. Income in BPC agreed budget for 2020-21					
Bank interest	£ 250		Expect rates & returns to fall substantially in 2020-21		
Cemetery	£ 3,000		Maintenance & Repair		
Allotments	£ 790		Maintenance & Repair		
Roundabout magazine	£ 8,000		Printing costs & events		
Climate Change mitigation	£ 3,300		To fund planned projects		
Grass cutting contract CCC	£ 500		CCC may cut contract for BPC cutting Highways land		
BVHT Loan repayment	£ 2,400		Repayment: Quarterly to Dec 2022		

Available interest rates 03-May-20

Provider	Online?	Currently used?	Min Deposit	terms for withdrawals	Min withdrawal	Interest rate	Income for 12months per £10,000 invested	comments INTEREST RATES FALLING
Bank of Scotland (NOT RBS)	no	yes		fixed 3months	in full	0.65%	£ 65.00	income 2019-21
NatWest business reserve	no	yes	none	35 days		0.10%	£ 10.00	
NatWest business reserve	no	yes		95 days		0.15%	£ 15.00	
NatWest business reserve	no	yes		instant		0.01%	£ 1.00	
Nationwide	yes	no	£ 5,000	45 days	£ 500	0.20%	£ 20.00	
Nationwide	yes	no	£ 5,000	95 days	£ 500	0.40%	£ 40.00	
Nationwide	yes	no	none	instant	£ 1	0.05%	50p	

BoS term deposit can be re-invested for further term if requested in time before maturity date. If not re-invested capital & interest transferred to NatWest business reserve savings