

KENT ASSOCIATION OF LOCAL COUNCILS (KALC)

ANNUAL FINANCE CONFERENCE

DITTON COMMUNITY CENTRE 18 OCTOBER 2018

I attended the above Finance Conference on behalf of Staplehurst Parish Council. I have attended a number of these Conferences over the years and they have always proved useful; and this was no exception. The main items discussed are highlighted below.

VAT and Making Tax Digital

This turned out to be more of a question and answer session. It was recognised that the subject was very complex and HMRC themselves often gave conflicting advice. Where Village Halls ARE charities there should not be a problem but there could be issues where Trustees were involved. And if in doubt get professional advice and if there is a dispute always take notes as evidence will be very important.

It was noted that there was a concession to Local Authorities for non-business activities; but it was important that any rent paid for premises was a true peppercorn rent e.g. £1, anything greater could lose the concession.

On the matter of "Making Tax Digital" it was emphasised that it was very early days and in reality there was not much to report.

Developing a financial strategy: business planning, consultation and funding.

This proved to be a very useful run through of the basis issues to be considered. Particular emphasis was put on Consultation, which could take the form of surveys, questionnaires or even suggestion boxes.

Financial strategy included projecting income and expenditure, taking into account sensitivities, making key assumptions and testing their robustness, analysing potential risks and funding/financing of the Business Plan.

It was noted that internal funding/financing could come from cross financing from other activities or from reserves. In addition there was fundraising and sponsorship. External funding was essentially from grants and a number of useful tips for success were made: such as clearly describe the project/activity, provide evidence of consultation, answer the questions clearly, read the guidance and don't try to "wing" it and make sure one meets the maximum word count but don't exceed it.

Heritage: All in a Day's Work

This comprised a presentation from Loose Parish Council on the work undertaken to restore and protect a heritage asset. This asset was a pre-war road sign prohibiting as unsuitable heavy motors such as Lorries and Charabancs. The order was originally made by Maidstone Rural District Council, which of course also covered Staplehurst.

The road sign had been found by accident and handed over to the Parish Council. The decision to restore it had not been taken lightly and a lot of work was involved. Luckily help was on hand from Maidstone Borough Council and Kent County Council. In the end after nearly two years the sign was completely restored and with the help of Kent Highways was put back in its original position.

Ensuring your insurance

This was more of an update presented by our own insurance advisors Came and Company. There was nothing new that would concern Staplehurst Parish Council.

Financial developments affecting Local Councils and making Local Government work

This was a detailed presentation that covered the external audit process in some detail. In particular it highlighted the following:

- There are different types of review depending on the size of the Council. In the case of Staplehurst with an income over £220k it qualifies for an interim review, which will involve additional testing to ensure compliance with statutory requirements.
- Annual Governance and Accountability Return (AGAR) must be submitted.
- If only a Section 1 and 2 report is issued by the External Auditor then that should mean all clear. If a Section 3 is added then there may be an issue that gives rise to a concern., for example late receipt of the AGAR.
- External Auditor Reports can: give a clear opinion; give a clear opinion with other matters; give an exception either on its own or with other matters. There can also be statutory recommendations and public interest reports.
- Common issues with AGARS include: bank reconciliations; lack of correct publication on the website; unamended prior year figures; amendments not initialled or dated and blank boxes, including trust fund disclosures which need to be completed in all sections by Local Councils

- Common administrative issues include: public rights dates' confirmation form not submitted; lack of intermediate documents/submission of information requested in prior years.
- Late submission.
- Not being informed of a change of Clerk
- Exempt authorities sending in AGAR and supporting documents.

Other key financial issues highlighted included:

- Use NALC model as guidance for financial regulations. These and standing orders are important and can be checked.
- Review risk assessments annually.
- Review reserves annually as part of the precept setting process. This is something Staplehurst Parish Council does. The level of reserves and the amount of contingency held is very important. It is recommended that the level of uncommitted general reserve should be between 3 to 12 months expenditure.
- Minutes for confidential items must be made – disclose what the item was and indicate the recommendation. One doesn't have to go into detail.
- S137 expenditure must be included in the minutes. This is for expenditure outside normal expenditure legislation.
- Internal controls should be reviewed annually. This is something Staplehurst Parish Council carries out and can be subject to an audit check. The role of the Internal Auditor is very important in this respect.
- An asset register should be kept. If the original cost of the asset is not known a proxy cost or an insurance based estimate could be used.
- Responsible Finance Officers (RFOs) must sign off the AGAR before it is submitted for approval.

As stated above the Conference was well run and highlighted some important issues.

John Perry
22 October 2018