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To Hythe Town Council  
Date 20 August 2020  
Status **Non Exempt**  
Responsible officer Responsible Financial Officer

Subject **BUDGET MONITORING REPORT F&GP/06/20**

**SUMMARY:** This report gives July's budget monitoring information, includes the bank reconciliation for July and recommends the Chairman of the Committee to sign the bank statements in accordance with good practice.

**REASON FOR RECOMMENDATION:**

The Committee is asked to agree the recommendations set out below because:-

- a) The Council is committed to control and manage its financial affairs in accordance with The National Association of Local Councils (NALC) guidelines.

**RECOMMENDATIONS:**

1. To receive and note the report F&GP/06/20
2. To authorise the Chairman of the Committee to sign the bank reconciliation detailed in the report.
3. To authorise the RFO to open another bank account to support cashflow.
4. To authorise the RFO to change the bank signatories authority in compliance with the Internal Auditors observations.

**INTRODUCTION**

The Internal auditor attended the offices at Oaklands on 16 June 2020 to audit the AGAR and to make notes for the end of year annual return.

Two observations were made;

- When the precept of £180,577.50 was received in April it took the funds in the Unity Trust bank account over the FCFS protection limit of £85k ( this will happen again in September when the second half of the precept is received).
- Good practice would be that the four signatories on the bank accounts should not include the Chair of the Council or F&GP.

Where it would still be good practice for the Chair of F&GP to authorise the action of the payment of the invoices physically by signing the individual documents, two other signatories should be authorising the release of the payments.

Due to lockdown the change to the bank signatories from the last financial year has been delayed so the two previous signatories that were replaced at the ASM could remain as current signatories (Councillor P Graham and Councillor D Wade) should they be minded to, along with the two Councillors that are currently being added (Councillor T Prater and Councillor J Martin) this would then show good practice.

Income from assets for July £27,348 compared to 2019.20 figures of £39,716 shows a loss of £12,368 to date. However, expenditure from 2019.20 of £152,615 is on par with this year's figure of £150,845. Mainly due to regular running costs and subscriptions that are paid in the first half of the year each year. The true picture on savings in expenditure can only be assessed at the end of the financial year in March 2021.

The Allocated Reserves compared to last year of £451,429 have reduced to £338,240 mainly due to funds being released to repay the PWLB loan. Unfortunately, unallocated reserves have taken a fall from the 2019.20's healthy balance of £133,646 to a minus figure of -£3,630 (even including the virements that were released funds from this year's budget in June) .This is mainly due to the repayment of the Davis Oaklands Charitable Trust recharges of £89k last year and the unexpected general rates charge for Portland Rd car park £66k.

## SUMMARY

It is recommended that another new bank account is opened completely separate from the current accounts that HTC already has in use so that once the precept is received it can be split over all HTC accounts to ensure there is never over £85k in any account at any one time.

Expenditure remains at a minimum until the summer income has been assessed and the full set of the September's full set of accounts have been reported to F&GP at the 15 October meeting 2020 as previously noted and to authorise the RFO to change the bank signatories in compliance with the Internal Auditors observations. The RFO recommends that Council be prudent to stick to minimal running costs until the financial year end and to allow the unallocated reserves to recover.

## RISK MANAGEMENT

A summary of the perceived risk follows;

Perceived Risk	Seriousness	Likelihood	Preventative Action
The Council does not set a robust budget.	High	Low	Town Clerk and Responsible Financial Officer to draw up and monitor performance against the budget

## CONTACT OFFICER

If you have any queries about this report please contact The Responsible Financial Officer of the Council

Tel: 01303 266152 or email [RFO@hythe-tc.gov.uk](mailto:RFO@hythe-tc.gov.uk) prior to the meeting.