

## FINANCE SERVICES REPORT FOR FINANCE AND RESOURCES COMMITTEE 21<sup>st</sup> NOVEMBER 2005

### **General**

Since the last Finance & Resources Committee Meeting, the Finance department has been producing the August and September accounts and is currently compiling the October monthly accounts. The department has also been actioning outstanding internal control weaknesses identified by Baker Tilly in their Follow Up Audit Report, dated October 2005 (presented at the Council Away Day).

### **March 05 Year End**

Regarding the draft HPC statutory accounts for Year End 31<sup>st</sup> March 2005, the final outstanding points are for Baker Tilly (BT) to confirm roles and responsibilities with the National Audit Office (NAO) and for both parties to create and sign letters stating their audit opinions about the accounts.

### **Supplier payments**

At 31 August, at least 99% by value of the £436k Creditor payments (Purchase Ledger) are in the 30 days or less category in the Aged Creditors Listing. The payment date schedule is posted on the HPC intranet (for the next 2 mths) and payment runs are run approx every two weeks to ensure prompt invoice processing.

### **Registration Income Receipts handling**

Since May 2005, Finance has taken over responsibility for banking Registrants' monies, direct debit cancellations, direct debit amendments, rejected payments, refunds and mid-cycle lapsing of Registrants.

### **Income Receipts Collection**

Direct debit collections of Registrants' fees (cover more than 80% of renewal fees by value) are done by Finance Dept. Registrant Fee Collections in September totalled £1,869k (mostly OT's & PH's) and £1,434k in October (mostly BS's, ODP's and OT's). Further fee collections are scheduled in November totalling £847k (mostly BS's and DT's). Most of the income comprises Renewal fees collected.

### **Risk Management**

Updated Risks have been identified in the most recent Risk Assessment document (refer paper to Audit Committee for 21st Nov meeting). Those risks were assigned to owners (managers deemed to have primary responsibility on a daily basis). Insurance policies covering some risks have also been distributed to the relevant managers (coverage type and level) to review.

### **Cash Management**

£2M is currently invested in the Money Market on a rolling weekly basis, currently

earning approx 4.22% per annum. Further cash generated will be used to pay off the outstanding loan (of the £0.5M loan, £0.476M remained at 31st August) and placed in the Money Market. At 24<sup>th</sup> October, the Business Reserve account balance was £1.45M, earning an interest rate of 2.5% per annum. Updated policies have been developed for Investments and Reserves (pending approval by the Committee) to influence cash management.

### **Employee Training**

Due to work pressure, some scheduled employee training was postponed (3 man days). Further employee training (2 man days) was however completed in October. The September Finance Away Day was attended by all Finance staff and covered; HPC financial updates, briefings about Renewal Projects and Registration fee-recognition. Further sessions covered; Dept SWOT analysis, Internal Control, Finance Dept – the Future, Time Management, Customer Service, Employee Goals and Objectives.

### **Financial Projects/Issues**

- Publication of the Year End Accounts to 31<sup>st</sup> March 2005
- Baker Tilly Internal Control - action any points outstanding
- Action ongoing Registrant payment rejections, balance adjustments and mid-cycle lapses.
- Repayment of the £0.5M loan residual (in November)

### **Employee Issues**

There is a team of five permanent, full-time employees in the department. Person-cover risk is an ongoing issue. Utilising temp staff and overtime are strategies currently employed to clear outstanding work that cannot wait until staff return from sick leave, study leave or annual leave.

### **Other**

An updated Five Year Plan was completed and presented at the private meeting of Council on 5<sup>th</sup> October. Included in the Plan were different scenarios showing the financial impact of "across-the-board Fee Increases in Year Two" (from April 2007), "No Fee Increases" and "Fee Increases only for International and Scrutiny Fees from April 06".

A draft Reforecast of the current year out-turn has also been produced. However, this was done before the Council Away Day, so doesn't include the Feb 06 Council workshop, November BT audit, Chairmen Committee meetings, 22-26 Stannary St costs etc.

AUDDIS and BACS IP testing was carried out in late October in preparation for automation project improvements in the near future.