BRIEFING NOTE – for Finance & Governance Committee Meeting 18 June 2020

Reconfiguration of RBS accounting system

During the budget setting process for 2020-21, it was agreed to amend the detail of the RBS accounting system in an attempt to make financial information clearer and to allow each committee to take responsibility for financial decisions within its remit.

This meant making changes to the set up within the RBS software package to establish a new framework for reporting. Disused lines cannot be deleted until after they have not been used for a year (as they provide year end comparative figures within the system), so can therefore be deleted from the system after completion of the audit in April/May 2021.

Each item of income/expenditure is allocated a four-digit ***nominal code*** (type of income/expenditure) and a three-digit ***cost centre*** (area of income/expenditure). Each cost centre is allocated to a committee.

The agreed allocation of cost centre to committee is as below:

Committee Number	Committee Name	Cost Centre Number	Cost Centre Name
1	Finance & Governance	101	General Admin
2	Estates & Facilities Management	201	Cemetery
		202	Recreation Grounds
		203	Chantry Stables
		204	Street Lighting
		205	Parish Office
		206	Public Conveniences
		207	Highways & Byways
		208	Allotments
		209	Street Furniture
		210	Hurst Meadows
		211	Court Bushes
		212	Vehicles & Machinery
		213	Services
3	Community Engagement	301	Community Engagement

The nominal codes are common across all areas of the council (e.g. 5010 Utilities), so it is now easier to review the income and expenditure by the type of expenditure of the council as a whole.

Each committee has a report which can be produced for meetings showing income and expenditure to date against its agreed budget lines. At a level below this, detailed reports can be produced showing all lines of income and/or expenditure for each nominal code within a committee. The Finance & Governance committee, in addition to reviewing its own committee's financial position is expected to take an overview of the council position as a whole.

Year-end 2019/20

Part of the year-end accounting process includes an assessment of outstanding debtors, creditors and accruals as at 31 March 2020. These entries were completed and included in the year-end accounts approved by council and were assigned to the old nominal codes.

The outstanding entries are based on either the exact known amount (based on contractual agreements) or an estimate (based on previous invoices for similar services) and are cleared as the invoices/receipts and paid/received in the new financial year. Most entries have been cleared during April and May 2020.

The net result of the cleared estimated entries to date are as below:

- £4.00 under-estimated for water bill at the cemetery
- £3.81 over-estimated for copier costs
- £6.42 over-estimated for the water bill for the toilets
- £167.53 over-estimated for the electricity bill for Court Bushes

These amounts have now been carried forward into this year's budget.

Remaining outstanding as at today's date are the following entries:

- £960 for committed expenditure at the Village Garden
- £400 for committed expenditure at St George's Lane
- £508.83 for committed expenditure on streetlights
- £1,729 for committed expenditure for maintenance works at the cemetery
- £7,200 for committed expenditure on surfacing repairs at Court Bushes
- £3,100 due from MSDC as a grant for Court Bushes

These items remain outstanding against the old nominal codes and do not directly affect this year's budget and financial management.

Budget figures for 2020/21

Council agreed the budget and precept for the financial year at its meeting in January 2020. These figures have been input into the RBS system against the new nominal codes and cost centres.

Included within the budget were three lines whereby funds were either coming out of, or going into, the council's earmarked reserves:

- From EMR - Hurst Meadows EMR drawdown (budgeted amount £52,000)
- From EMR - Millennium Gardens EMR drawdown (£1,000)
- To EMR - Court Bushes sinking fund to EMR (£7,000)

How these figures are input into the RBS system is important, as they cannot be directly included as income/expenditure in the year end figures. There is a system process which allows transfers from/to earmarked reserves which allows for this fact.

The result on the budget input into the RBS system is that it shows a £46,000 deficit. This is due to the net earmarked reserves transfer which were allowed for (£52,000 + £1,000 - £7,000).

After discussion with Cllr Llewellyn, it is recommended that the EMR transfers are reviewed on a quarterly basis against the income/expenditure to date for the associated cost centres.

April and May 2020

The financial entries for April and May have been input to the RBS system, and the month end processes have been completed. Separate agenda items include the bank reconciliations for these months, along with year to date income and expenditure and balance sheets.

Andy Beams
Locum Finance Officer
9 June 2020