

FINANCE REPORT – Simon Leicester

General

Since the last Finance & Resources Committee Meeting, the Finance department has been producing the July accounts and is currently compiling the August monthly accounts. The department has also been actioning outstanding internal control weaknesses identified by Baker Tilly in their Management Controls Review Report, dated June 2005.

March 05 Year End

Regarding the draft HPC statutory accounts for Year End 31st March 2005, the final outstanding points are to finalise PB-related costs accruing in the March 2005 YE accounts and for Baker Tilly (external auditors) to confirm roles and responsibilities with the National Audit Office.

Supplier payments

99% by value of the £749k creditors payments are in the 30 days or less category in the Aged Creditors Listing. The A payment date schedule is posted on the HPC intranet (for the next 5 mths) and payment runs are run approx every two weeks to ensure prompt invoice processing. We have also updated the sort codes in the SAGE Purchase Ledger to identify Partners, Councillors and other Suppliers separately. This will improve internal controls, ensure HR systems reconcile to Finance ones, and enable other financial analysis e.g. ranking supplier annual business value in descending order etc.

Registration Income Receipts handling

Since May 2005, Finance has taken over responsibility for banking Registrants' monies, direct debit cancellations, direct debit amendments, rejected payments and refunds. This workload fluctuates with renewal cycle activity, new registrations and the speed at which we can automate some process steps. More recently, the responsibility for actioning mid-cycle lapsing of Registrants (Registrants who haven't paid the valid fees by the due date) was transferred from Registrations Dept to Finance Dept. Direct debit collections of Registrants' fees (cover more than 80% of renewal fees by value) are also done by Finance Dept.

Income Receipts Collection

There are Registrant Fee Collections in August totalling £688k (mostly PA's & SL's) and £1,869k in September (mostly OT's and PH's). Most of the income comprises Renewal fees collected.

Cash Management

We have produced a Monthly and Quarterly Cash-flow Forecast model, detailing anticipated cash in-flow and out-flows, which will be maintained on an ongoing basis. Since the July Accounts were produced, £1M was invested in the Money Market on a rolling weekly basis, earning approx 4.12% per annum. Further cash generated will be used to pay off the outstanding loan (of the £0.5M loan, £0.488M remains) and put in the Money Market. As at 30 August, the Business Reserve account balance was £800k, earning an interest rate of 2%.

Staff Training

Staff training has been arranged (Sept-Oct period) to improve our use of software tools (Excel, Word, Power Point and Crystal Reporting) enabling staff to produce a quicker and wider range of Finance services to decision-makers. An overnight Finance Away Day has also been arranged for Finance staff in for late September covering; HPC financial updates, briefings about Renewal Projects and briefings about Registration fee-recognition. Group exercises are also planned at the Away Day, covering Dept SWOT analysis, Time Management and Customer Service.

Financial Projects/Issues

- Year End Accounts to 31st March 2005 to be signed off by Baker Tilly and the National Audit Office (Sept?) and tabled after the Parliamentary summer recess (Nov).
- Baker Tilly Internal Control action points outstanding
- Clear the backlog of mid-cycle lapses
- Repayment of the £0.5M loan residual
- Update the Five Year Plan

Staffing Issues

Simon Leicester was appointed the new permanent Finance Manager in late August 2005, after being in the interim role for one month. There is a team of five permanent, full-time staff in the department.

Other

With the purchase of all share capital of Purbrook and Eyres Ltd in May 2005 in order to acquire the 22-26 Stannary Street premises, and with the name of that company subsequently changed to 22-26 Stannary St Ltd, our intention is to set up two HPC subsidiaries in the reporting structure, with the results consolidated into one set of overall accounts, designated by the prefix "Consolidated" in the titles of various reports. The only items appearing in the 22-26 Stannary St Ltd subsidiary will be the land and buildings purchased, and income earned from 22-26 Stannary St tenants in the short term (June to Sept period).

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