

FINANCE SERVICES REPORT FOR FINANCE AND RESOURCES COMMITTEE 29th JULY 2005

General Matters

The last Finance & Resources Meeting on the 23rd June 2005 did not take place as it was in quorum. Since then the Finance department has been busy on the production of May and June accounts, and now compiling July 05 accounts. The department is also actioning outstanding internal control weaknesses identified by Baker Tilly in their Management Controls Review Report, dated June 2005.

The draft HPC statutory accounts for Year End 31st March 2005 are with Baker Tilly (external auditors), who are in the process of completing these in conjunction with the National Audit Office (external auditors).

Invoice payments are up to date as at July 2005. A new payment schedule has been posted on the intranet (for the next 9-12 mths) and payment runs are now every two weeks to ensure prompt invoice processing.

Since 17th May 2005, in order to speed up processing and reduce error rates, Finance has taken responsibility from UK Registrations Department for the banking of Registrants' monies, direct debit cancellations, direct debit amendments, rejected payments and refunds.

From 19th July 2005, the Chief Executive re-assigned the secretarial duties of the Finance & Resources and Audit Committee to the Secretariat Department. This will free up Finance staff resources for other Finance functions (internal control maintenance, reporting enhancements, ad hoc financial analysis etc).

Financial Position

Currently, there are no funds currently invested in the Money Market. The Corporate Bond matured on the 29th June 2005 and funds were returned to the HPC Business Reserve Account. As at 20th July 2005, HPC Business Reserve account was £1,153,608.00 at an interest rate of 2.30%.

There are collections of direct debit Registration monies totally £1,144,986.00 on the 1st & 5th August 2005. Plans are to place this cash on the Money

Market rather than the Corporate Bond for liquidity reasons (similar rates of return from both). Further work will be done shortly by the Finance Manager and Financial Accountant on cash management and forecasting, to obtain a more optimal balance between liquidity risk and financial return.

Meetings & Training

Some training has been arranged (Sept period) in core software systems (Excel, Word, Powerpoint and Crystal Reporting etc) to enable staff to produce a quicker and wider range of Finance services to stakeholders.

Financial Projects/Issues

Year End Accounts to 31st March 2005 to be signed off by Baker Tilly (External Auditors)

Supplier's Database and Authorisation system for new suppliers (to reduce paper flow)

Renewals Project

Periodic taxation advice from specialist providers, to ensure legislative compliance and legitimate tax minimisation.

Office Services

The adjoining building (Stannery Street) has been purchased and paid for in May 2005 as planned.

Staffing Issues

Simon Leicester was appointed the new Interim Finance Manager on the 8th July 2005 in place of Andrew McWhirter. Andrew was acting as HPC's interim Finance Director, after the resignation of the previous Finance Director, Paul Baker.

The HR Department are in the process of recruiting a permanent Finance Manager.

Performance Indicators

See accompanying schedule – Table