

ESSEX ASSOCIATION OF LOCAL COUNCILS



COUNTY UPDATE No 122

Special Financial Edition - August 2013

Report to the EALC Member Councils

Finance 2012/13

Financial Administration Information

Prepared by Gillian Skinner - Finance Officer

Treasurer's Report

Cllr David McPherson Davis

Accounts Year Ending 31st March 2013

Maurice Howard - Auditor

EALC Chief Executive

Responsible Financial Officer Report

Joy Darby - Chief Executive Officer

2012/13 Report on Finances

Gillian Skinner - Finance Officer

This update is available free to all members of the Essex Association of Local Councils.

Membership of the EALC is open to all Parish Councils, Parish Meetings & Town Councils.

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2/2a Twyford Court
High Street
Great Dunmow
Essex CM6 1AE

ADMINISTRATIVE INFORMATION

Chairman	Cllr Sheila Jackman MBE FCIH
Treasurer	Cllr David McPherson-Davis
CEO	Joy Darby BA Hons (RFO) FILCM
Finance Officer	Gillian Skinner, MAAT
Office Address	2 nd Floor, 2-2A Twyford Court High Street, Great Dunmow Essex, CM6 1AE
Auditor	Maurice Howard, CPFA
Bankers	Barclays Bank Plc High Street, Chelmsford Essex, CM1 1BG

RISK REVIEW

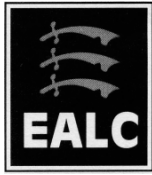
The EALC have reviewed the major risks to which it is exposed, and systems have been identified to mitigate those risks. External risks regarding investments have controls in place to minimise the exposure of the Association. Internal risks are minimised by the implementation of financial control and regulation procedures. These procedures are regularly reviewed to ensure that they still meet the needs of the Association. The insurance policy of the Association is reviewed annually, as per the financial regulations.

AUDITORS

Maurice Howard has indicated his willingness to continue in office and will be proposed for reappointment at the Annual General Meeting. Audit of the Association accounts and systems are carried out on a regular basis.

PENSIONS

The EALC participates in a defined benefit scheme operated by Essex County Council. The contributions are determined by Essex County Council. Although the fund is a defined benefit scheme, EALC are grouped together with other similar employers, it is not possible to separately identify its share of the underlying assets and liabilities and it is therefore accounted for as a defined contribution scheme. The EALC contribute monthly to the employees pension scheme and towards the pension deficiency, as set by Essex County Council's Pension Office.



COUNTY UPDATE

Special Finance Edition

David McPherson-Davis
Treasurer

Treasurer's Financial Report 2012/13

Notes to the Accounts

The Annual Accounts of the Association for the year ended 31st March 2013 and the comparison with the previous year are in a more comprehensive format than previously, in that all known Associated Expenditure is now shown against the relevant Income.

Unfortunately the proposed relocation of the staff to new premises during the year did not take place and resulted in unavoidable legal fees being incurred. However, in spite of this a small surplus was achieved of £2,320.42.

The Statement of Reserves on page 6 shows details of each specific reserve and a balance of £128,321.51 as at 31st March 2013.

The notes to the Accounts on page 7 together with the report by the Financial Officer on page 10 explain in more detail the annual performance and comparison with 2011/12.

In addition the report on page 6 by the Independent Auditor confirms that the Accounts comply with our Financial Regulations.

The pending move to new accommodation will obviously incur further costs but this is provided for within our Reserves. Hopefully this will be concluded in the near future.

Essex Association of Local Councils
Statement of Income & Expenditure as at 31 March 2013

Note No.	31/03/2013	31/03/2012
	Trading income	
	44,523.73	61,564.24
1	Associated Expenditure	
	<u>-37,631.47</u>	<u>-49,372.14</u>
	6,892.26	12,192.10
2	Subscriptions	
	Members Total Subscriptions	101,599.19
	Less NALC Subscriptions	<u>-33,254.87</u>
	71,266.54	68,344.32
	Grants Received	
	ECC General Grant	40,000.00
3	ECC Premises Grant	13,779.54
4	Interest	2,394.48
	<u>2,900.20</u>	<u>2,394.48</u>
	54,082.86	56,174.02
	TOTAL NET INCOME	TOTAL NET INCOME
	<u>£132,241.66</u>	<u>£136,710.44</u>
5	Employee Costs	93,569.00
6	Premises	15,111.93
7	Office	11,738.55
8	Committee Expenses	5,752.92
9	Office Move	444.49
10	Audit	583.00
	<u>477.00</u>	<u>583.00</u>
	129,921.24	127,199.89
	TOTAL EXPENDITURE	TOTAL EXPENDITURE
	<u>£129,921.24</u>	<u>£127,199.89</u>
	SURPLUS / DEFICIT	SURPLUS / DEFICIT
	<u>£2,320.42</u>	<u>£9,510.55</u>
Appropriations Account		
	Accumulated Funds opening balance	51,251.08
	Surplus/deficit for year	<u>9,510.55</u>
	56,082.05	60,761.63
	Reserve Movements	
11	Audit Reserve	0.00
12	Repairs and Renewals Reserve	-2,000.00
13	Moving Reserve	<u>-5,000.00</u>
	0.00	-7,000.00
	Accumulated Funds closing balance	Accumulated Funds closing balance
	<u>£56,082.05</u>	<u>£53,761.63</u>

Essex Association of Local Councils
Statement of Financial Position at 31 March 2013

Note No.	<u>31/03/2013</u>	-	<u>31/03/2012</u>
<u>Non Current Assets</u>			
Accounted for in inventory asset register	0.00		0.00
<u>Current Assets</u>			
Stock	3,519.54		3,780.67
Debtors	891.35		11,355.20
Payments in Advance	574.20		2,116.00
2 x Bonds	113,255.79		101,000.00
Deposit Account	3,167.68		15,089.61
3 x Current Accounts	10,645.80		8,235.08
Cash	112.01		103.51
	<hr/>		<hr/>
	132,166.37		141,680.07
<u>TOTAL ASSETS</u>	£132,166.37		£141,680.07
<u>Reserves</u>			
Accumulated Funds	53,761.63		51,251.08
Surplus/Deficit	2,320.42		2,510.55
	<hr/>		<hr/>
	56,082.05		53,761.63
11 Audit Reserve	0.00		532.00
12 Repairs & Renewals Reserve	5,500.00		5,500.00
13 Moving Reserve	5,000.00		5,000.00
14 Restructuring Reserve	52,032.00		51,500.00
15 Clerks Bursary Reserve	9,474.46		10,050.00
16 Maldon Bursary Reserve	233.00		233.00
	<hr/>		<hr/>
	72,239.46		72,815.00
<u>Current Liabilities</u>			
Creditors	1,985.99		2,124.89
Credit Card	238.85		
Receipts in Advance	0.00		11,496.41
Accruals	1,620.02		1,482.14
	<hr/>		<hr/>
	3,844.86		15,103.44
<u>TOTAL LIABILITIES</u>	£132,166.37		£141,680.07

Essex Association of Local Councils
Annual Accounts for the Year Ended 31st March 2013
Statement of Reserve Movement

	Accumulated Funds	Restructuring Reserve	Repairs & Renewals Reserve	Clerks Bursary Reserve	Maldon Bursary Reserve	Audit Reserve	Moving Reserve	Balance
	£	£	£	£	£	£	£	£
Opening Balance	53,761.63	51,500.00	5,500.00	10,050.00	233.00	532.00	5,000.00	126,576.63
<u>Funds Received</u>								
Surplus/Deficit	2,320.42							2,320.42
Transferred		532.00	0.00				0.00	532.00
Grant				5,000.00				5,000.00
<u>Funds Spent</u>								0.00
Clerks Bursary				-5,575.54				-5,575.54
Transferred						-532.00		-532.00
Maldon Bursary					0.00			0.00
Closing Balance	£56,082.05	£52,032.00	£5,500.00	£9,474.46	£233.00	£0.00	£5,000.00	128,321.51

REPORT OF THE INDEPENDENT AUDITOR APPOINTED AT THE AGM

I have audited the financial statements of the Essex Association of Local Councils for the year ended 31 March 2013.

The audit work has been undertaken so that I might state to the Association's members those matters I am required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Association and its members, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of the EALC and auditors

The RFO, Finance Officer and Treasurer of the EALC are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with good practice.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Opinion on financial statements

In my opinion the financial statements:

Give a true and fair view of the state of the Associations affairs as at 31 March 2013 and of its surplus for the year then ended. They have been prepared in accordance with the EALC Financial Regulations dated September 2011.

M Howard

Maurice Howard
CIPFA 9th May 2013

Essex Association of Local Councils
Notes to accompany the EALC 2012/13 Year End Accounts

**Note
No.**

Notes to Statement of Income and Expenditure

- 1 Due to no extra courses being added during the year trading income was lower than the previous year.
- 2 Increase in EALC subscriptions was due to 2.5% increase agreed at the 2012 AGM.
- 3 ECC Grant received is to cover premises rent, this was reduced from the previous financial year due to ECC now recharging internally.
- 4 Interest received increased due to prudent investments.
- 5 The arrangements for accounting for employee costs have changed this year. In previous years the total pay to employees was shown as one figure. This year employee costs relating to Trading Income have been included in the Associated Expenditure figure. (Previous years figures have been adjusted accordingly to enable comparison).
- 6 Premises expenditure which also includes the Association Insurance is down due to changes the way ECC now recharge internally.
- 7a The arrangements for accounting for office costs have changed this year. In previous years the total expense was shown as one figure. This years stationery costs relating to Trading Income have been included in the Associated Expenditure figure. (Previous years figures have been adjusted accordingly to enable comparison).
- 7b Office Expenditure is down due to obtaining the best value for money and continued effort to stream line and reduce costs. In particular postage and stationery.
- 8 Committee Expenses have increased due to new mileage rates and the EALC Executive Members representing the Association at more functions.
- 9 These are solicitors costs and deposit incurred on aborted move.
- 10 Audit for 2012/13 is lower than budgeted due to reduction in reporting.

**Note
No.**

Notes to Appropriations Account and Statement of Financial Position

- 11 The audit reserve account has been closed and funds transferred to Accumulated Funds as per the request of the Auditor.
- 12 The Repairs and Renewals Reserve has been created to spread the cost of repairs, making good the current rented offices decorations and the renewal of major items of equipment including some items which are coming to the end of their useful life.
- 13 The Moving Reserve was created to assist with the anticipated EALC move during the 2012/13 financial year. This will now be used in the 2013/14 financial year.
- 14 The Restructuring Reserve was created to provide funds if needed to meet reorganisation of staff.
- 15 The Clerks Bursary Reserve has been created to carry forward grants received to date and will not be disbursed until 2013/14.
- 16 The Maldon Bursary Reserve has been created to hold funds received.

Reporting in the year ending 31st March 2012

During the last financial year the Essex Association of Local Councils has worked hard at supplying good quality information and support in a timely manner. During the year we looked at all our processes and procedures and where possible we tweaked these to improve them, but also to save funds where possible. The EALC achieved a surplus of just over £2k in a difficult year.

Financial Affairs

Last year I wrote about the poor economy and it has not improved, so again Councils have been looking at keeping the precepts low to help the communities they serve. The EALC reflect this in agreeing that the affiliation fees will remain the same for 2014/2015. Members need to note that we have a banding system in place, so if the Council area has more electors, due to growth, the fee may go up slightly. Alternatively, should elector numbers reduce, so will the affiliation fee.

Opportunities for the Future

The EALC must relocate by 31st March 2014, and have looked at a number of properties which never came to fruition, which has put a great deal of pressure on all concerned. The Association has now completed its move to new offices in Great Dunmow. Moving has brought additional pressures and the Treasurer has asked that the EALC staff take another £10k off the agreed budgets for the current year and forward. The Staff have been through a plan of reduction and see that the way forward is to look at reducing the amount of paper used and printing in colour. With this in mind, the EALC will be changing the way we mail you on a monthly basis. In future this will be by email, with hard copies only being available on request. This will enable all Clerks to email all the information on to Councillors who have email.

The new offices will give the Association a real opportunity to improve the way we work and the services that will be offered. There will be a dedicated training and breakout room, so many courses will be managed in house. This will also give us the opportunity to run smaller group meetings and provide some briefings. All large conferences will still be held at Foakes Hall.

Financial Accountability

The EALC continues to improve the way the funds are invested and the way money is spent. Each staff member takes responsibility for saving funds and when you look at the accounts this is evident. During the last financial year, Cllr David McPherson-Davis (Treasurer) has worked hard with Cllr Peter Davey (Executive Member) to undertake the move to new premises. Without the hard work of these two Councillors EALC would not have been able to achieve the relocation.

**Gillian Skinner
Finance Officer**

Management of Finances

The Association use SAGE Accounts, during the year a lap top license was purchased in order that the company Auditor could access the accounts when auditing from a stand alone computer.

2011/12 saw a different layout to the year end account format which included a break down of reserves, their movement and notes to the accounts. This new layout has been used again for the 2012/13 Year End Accounts.

Trading Income

In 2012/13 the contribution to income was £6,892 a decrease on the year before due to no extra courses being added during the year. However contributions to trading income was £1,404 above budget for the year. Income from agency work is adhoc and varies year on year. Income from publications was down on previous years due to many councils already having the current copy of the CAB and waiting for a new edition to be published during the 2013/14 financial year.

Interest

The Association monitors its cash flow carefully and any surplus is placed on deposit to make the most of the limited interest available. Monies have been placed in secure interest bearing accounts both fixed term and instant access to make available the best rates of interest. During the year the Association took out a new fixed income bond which incorporated the interest earned on maturity of the previous one. Interest is currently being earned on the Associations Imprest Internet Bank Account, and Barclays Active Saver. During the year through investment and placing monies on deposit the interest earned was £2,900 compared to £2,324 the year before. The Finance Officer will continue to make and advise on the best possible investments of the 2013/14 Financial Year.

Special Finance Edition

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**Second Floor, 2/2A Twyford Court, High Street,
Great Dunmow, Essex. CM6 1AE.**