

# **Finance and Facilities Management Dept reports for the Finance and Resources Committee Meeting on 18th September 2006**

## **General**

Since the last Finance & Resources Committee Meeting, the Finance department has produced the July YTD Management Accounts and is currently preparing publication of the August YTD Management Accounts.

## **Supplier payments**

At the end of July, at least 96% by value of the £323k Creditor payments (July 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 3-4 mths) and payment runs are run approx every two weeks to ensure prompt invoice processing.

## **Fee adjustments and income receipts handling**

At the time of writing (6<sup>th</sup> Sept), there is a backlog in Registrant direct debit cancellations and amendments of about four processing days. We have about three day processing backlog on rejected payments/refunds and zero days backlog on mid-cycle lapsing of Registrants. Banking of Registrant cheques and credit card reconciliations are up to date.

## **Income Collection cycle**

Direct debit collections of Registrants' fees (cover more than 80% of renewal fees by value) are done by the Finance Dept, with collections made two months in advance. SL, PO, CS, OT and CH collections occurred in August. Further fee collections scheduled in September are for PH, AT, ODP and BS professions. Most of the income comprises Renewal fees collected.

## **Funds under Management**

At 6<sup>th</sup> September, the Business Reserve account balance was £0.54M, earning an interest rate of approx 2% per annum. A further £4.3M is invested in the Special Interest-bearing Account on a rolling monthly basis, earning 4.6% per annum.

NatWest, Barclays and HSBC are active Money Market providers for HPC. There are no bank loans outstanding. The current market value of funds in our investment portfolio is approx £1.56M. This is managed by professional fund managers, Rensburg Sheppards. We are in compliance with the Reserves Policy level Committee-approved in November 2005.

## **Tax Issues**

All Council and Committee Member NI/PAYE tax changes now actioned, as previously discussed.

## **Five Year Plan and Fee Change proposal**

Assuming a July 2007 "go live" date for the Fee change, then following consultation, Fees Order drafting and subsequent review by the Privy Council, future income levels in the Five Year Plan have been projected. The Fee Change is likely to be a significant and high profile project for HPC, involving at least 3 external suppliers (BDB on the Fees Order drafting, a contractor to analyse the consultation responses and Digital Steps to re-programme fees in LISA) and 6 HPC departments (the Secretariat, Communications, Finance, Registrations, Corporate Services and Policy & Standards).

### **Council and Committee Fee change (£260 to £300 per day)**

The back-dated amounts owing (from 1<sup>st</sup> April 06) are now calculated and were paid out to members in the week ending 1<sup>st</sup> September.

### **March 07 Year End Reporting Timetable**

In late August, Simon met with Baker Tilly, NAO, PKF Internal Auditors and Richard Kennet to streamline the reporting timetable for the Financial Statements and Annual Report. Timetable to be presented to the Audit Committee on 25<sup>th</sup> September for their approval.

### **Employee Training**

Dept staff attend Accounting software, Tax update and Payroll update courses as appropriate. Three Finance employees are also enrolled in after hours, part-time professional accountancy qualifications (CIMA and ACCA) at present.

### **Employee Issues**

There is a team of six full-time employees in the Finance department, including the Finance Manager. Temp staff are periodically hired to cover for permanent staff on leave and to help clear work backlogs (to maintain service levels).

### **Significant Financial Projects/Issues (next few months in descending priority order)**

- Manage the Fee Change proposal, including the associated consultation letter for the proposed general fee change
- Amendments to the Standing Financial Instructions (Finance Dept, Secretariat & BDB)
- Review/update project specifications and commission software development for automation projects relating to Intermediate Lapsing and Bulk Letter Generation (Nov 06 implementation to confirm)
- Consider improvements to the existing PKF-developed costing model relating to HPC chargeable services
- Supplier reviews including Insurance and Travel Agent (value for money and fit for purpose)

NB: Any potential recoveries of past fraud-related costs from our ex-auditors are still under negotiation with their lawyers.

### **Facilities Management Report**

#### **Staffing**

The intention is to replace the temporary catering/tea person with a permanent person shortly.

#### **Procurement & Logistics**

- Detailed space planning is in progress for the period before and during 22-26 Stannary St refit work. We expect to commence building work in March/April 2007 and the building work to continue for a period up to 6mths beyond that. During that time, areas in 20 Stannary St will likely need to be evacuated to alternative premises due to ongoing construction noise.
- An automated reconciliation between the SAGE Purchase Ledger and Lotus Notes Approved Supplier List has now been completed (macro and documentation). The Management/Financial Accountant will run this quarterly and action any exceptions reported.