**Weston on the Green**

**2019 Finance Report**

Members are aware from the Annual Village Meeting that 2018/2019 was a year of transition with the major priority being compliance in operational aspects. This included a priority to align our financial accounting practices and policies with Government expectations. The accounting principle difference was the institution of an accrual accounting system whereby income and expenditure is recorded when the action or service is provided or contracted. Under the previous system the income or expense was recorded when it was actually paid through the bank account. This is referred to as a cash accounting system. The prime example is the “distortion” of the Clerk’s salary where amounts due to the Clerk for work done from May 2017 to March 2018 were paid in April 2018, and shown within the new financial year. This distorts the actual costs of doing business in the fiscal year ended March 31st 2018 and also the current fiscal year to March 31st 2019.

The majority of cost increases shown in the accompanying reports are attributed to the increased level of works carried out by the Parish Council, such as Traffic Calming as requested by villagers in response to surveys conducted under the auspices of the Neighbourhood Plan. IT Expenditure shows an increase because it was decided to purchase a computer and printer to be owned directly by the Parish Council, rather than relying on the personal computer owned by the Parish Clerk. This is also a matter of compliance/better governance preventing the potential for confusion between personal and Parish Council emails.

The financial information is subject to two audits. First is the audit of the books of account to ensure they are compliant with standard accounting practices, and, reflect an accurate condition of the finances of the Parish Council. This is referred to as an External Audit. The second audit, known as an Internal Audit, seeks to ensure there are adequate checks and balances in various operational procedures to reduce the potential of fraud and major mistakes. The points raised in the Internal Audit have been addressed over the past year to improve the transparency of the Parish Council operations as well as enhanced accountability on the part of the Parish Councillors. The institution of best practices necessitated the hiring of a bookkeeper to separate the functions of Parish Clerk from the financial reporting mechanism. Another example of compliance is the improved availability of pertinent information on the Parish Council web site. The issue of compliance is an on-going process.

The accompanying financial analyses have explanatory notes outlining reasons for major differences in actual versus the budget and the previous year. One major component of the differences has been the aforementioned change from Cash Accounting to Accrual Accounting.