

NOT FOR PUBLICATION - By Virtue of Paragraphs 5&7 of Part 1 of Schedule 12a of the Local Government Act 1972

Sundry Debtors Additional Information

- 1 Appendix B gives details of the position for sundry debtors. This appendix deals with one debtor, Winchester Alliance for Mental Health (WAMH). CEN20 and CEN26, reported to Members on 20th March and 14th July, 2003, refer.
- 2 Appendix B refers to five invoices totalling £201,903 being outstanding as at the end of September, 2003. At the time of report despatch, the total amount billed and not paid was £283,000 (six invoices). At its peak, earlier in October, £305,000 was outstanding.
- 3 The last paper reported: *The audit review has shown that the organisation has a good understanding of its finances and is submitting grant claims promptly for reimbursement. Claims are also, generally, being paid promptly by other organisations. The principal difficulty is with ESF monies that are paid two months in arrears of claim submission, with submission only being allowed quarterly in arrears. Thus there can be a five month gap between incurring expenditure and receiving reimbursement. It is this gap that the Council is subsidising by allowing payment of its invoices to be deferred.*
- 4 Internal Audit has continued to monitor the position but has raised concerns over lack of work on and monitoring of the cash flow. In addition, there are fears that the small amount of directly employed financial input is insufficient for the size that the organisation has become.
- 5 Because of these concerns, and the high level of debt, the Director of Finance has contacted two of the trustees (both City Council Members). Following this WAMH has indicated that it will be submitting ESF claims monthly – it had been understood that this could only be down quarterly – and this may improve the position.
- 6 However, the Director of Finance has written to the organisation in advance of its AGM being held on 20th October indicating that she will be recommending to Members that the Council discontinues the payroll service. WAMH's external auditors will be presenting their report on the Accounts to that meeting.
- 7 A verbal update on the position will be given at the meeting.