

# **Briefing Note**

Financial Report Year End 2020-21

3 April 2021

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## **1.0 Cash and Bank Reconciliation**

The year-end bank reconciliation is complete and shows the year beginning with £60,476.89 in cash and ending with £71,772.64.

## **2.0 Reserves**

The external auditor has explained that parish councils must not hold unearmarked funds. Therefore, the figures for Reserves are the same as for Cash, beginning with £60,476.89 and ending with £71,772.64.

### **Earmarked reserves.**

Luxulyan Parish Council reserves are earmarked for a contested election, the playing field, the cemetery, the public toilets, a general building reserve, and ringfenced reserves for grants and projects.

During the pandemic and because of lockdown, the government gave grants to all small businesses and public conveniences are considered businesses. In August 2020 the council received a *Business Rates Covid-19 Grant* payment of £10,000, which the council has ringfenced as a 'Special Project Fund'. As yet there are no plans for a special project.

### **Payments from reserves.**

Payments from reserved funds during the fiscal year were £6,515.51, which was spent on three benches, one for the cemetery, one for the Institute and one to be placed on the Atwell triangle, costing a total of £2,038.26. Unfortunately, the benches arrived after the first coronavirus lockdown and it was decided that the benches should not be installed; however, they will now be installed very shortly. Other reserve funds were spent on three new picnic tables for the playing field (£1,990), the previous tables having come to the end of their life. £1,487.25 was used to de-rust and repaint some play equipment in the children's play area. The prechool was having trouble with vandalism. The council was able to make an urgent loan of £1,000 to the

preschool for CCTV equipment. The money was paid back immediately, but it shows as a payment from reserves.

### **3.0 Budget Comparison**

The budget for 2020-21 was £31,430; however, £3,500 from this can be subtracted as it was budgeted to go directly into reserves, leaving £27,930.

Total payments were £31,778.06 (without VAT) and from this must be subtracted the payments from reserves (£6,515.51) leaving £25,262.55.

Therefore, subtracting the payments against budget (£25,262.55) from the budget (£27,930) shows the parish council £2,667.21 under budget.

### **VAT.**

Parish councils do not take VAT into consideration for budgeting purposes because parish councils may reclaim VAT.

### **4.0 Transparency Code and audits**

Luxulyan Parish Council voluntarily complies with the *Transparency Code for Smaller Authorities*, although its annual turnover has been over the £25,000 cut off for the last few years. In accordance with the Code, the council's financial details are published on its website and this includes a list of all payments. The Code requires a list of payments over £100 and Luxulyan publishes all payments.

### **External Audit and the Annual Return.**

In accordance with legislation for local councils with a turnover under £200K, Luxulyan Parish Council submits its Annual Return each year for a limited assurance external audit. The external auditor is *PKF Littlejohn*.

### **Audit dates**

Local councils must publish on their website their unaudited Annual Return (or AGAR – Annual Governance and Accountability Return) along with the *Notice of Period for the Exercise of Public Rights* before July.

Once the external audit is complete, the auditor's comments are also published on the website.

## **Internal Audit.**

In accordance with Audit Regulations, all parish councils have an internal audit for assurance that the council is conducting its affairs lawfully and handling its public money properly. An independent and competent internal auditor is appointed by the council each year. The internal auditor's report forms part of the Annual Return, which is published on the council's website, and any issues raised by the internal auditor must be noted by the council for future action before it completes its Annual Governance Statement for the Annual Return.

Internal audit is the public's assurance that the council is proceeding lawfully and effectively.

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Proper Officer and Responsible Financial Officer

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