

Briefing Note

Financial Report Year End 2021-22

8 April 2022

1.0 Cash and Bank Reconciliation

The year-end bank reconciliation is complete and shows the year beginning with £71,772.64 in cash and ending with £69,892.62.

2.0 Reserves

The external auditor has explained that parish councils must not hold unearmarked funds. Therefore, all the cash at the end of the year is allocated into reserve funds. So, at the beginning of the year, reserves were £71,772.64 and ended at £69,892.62.

Earmarked reserves.

Luxulyan Parish Council maintains earmarked reserves for its main assets: the playing field, the cemetery, the public toilets, and a general building reserve. It also maintains an election reserve in case of a contested election and a moderate contingency reserve for unspecified over-expenditure.

Each year the council budgets to top-up these reserves. £4K was added to these funds in 2021-22. During the year £4,120.71 was spent and at year end these reserves total: £22,341.14.

Grant ringfenced funds.

The parish council has received grant funds which are ringfenced for grants and projects: the Bodwen Solar Park Fund, the Luxulyan Parish Council Grant Fund, a Community Chest grant and the Special Project fund. The Special Project fund was received last year as a one-off Covid grant and has not been allocated to a project yet.

Payments from these reserves was £1,925. At year end, the Grant ringfenced funds total: £47,551.48.

3.0 Budget & Precept

The budget for 2021-22 was £30,244, 3.8% less than the previous year. The

2021-22 precept was £27,110, 2.5% less than the previous year.

PRECEPT. The Precept is a tax that parish councils charge their local residents to meet their budget requirements. Parish Councils do not receive any direct funding from central government and rely on their Precept and any other receipts they receive for the effective function of the parish council. The precept is calculated by subtracting projected receipts from projected payments.

Parish councils monitor the precept increase at the Band D property level. The precept tax paid by a Band D property is the total precept divided by the taxbase. In 2021-22, though the precept fell 2.5%, the taxbase was particularly low because of the Covid pandemic and the precept tax paid by Band D properties in Luxulyan parish increased £0.03 over the whole year.

4.0 Budget Comparison

Reserve top-ups of £4,000 are subtracted from the Budget leaving £26,244.

Total payments were £31,884.88 (without VAT) and from this the payments from reserves (£6,045.71) must be subtracted, leaving £25,839.17.

Therefore, subtracting the payments against budget (£25,839.17) from the budget (£26,244) shows the parish council £404.76 under budget.

VAT.

Parish councils do not take VAT into consideration for budgeting purposes because parish councils may reclaim VAT. A VAT claim through March 2022 for £960.92 has been submitted but has not yet been paid.

5.0 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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