

Briefing Note

Financial Report Year End 2022-23

2 April 2023

1.0 Cash and Bank Reconciliation

The year-end bank reconciliation is complete and shows the year beginning with £69,892.62 in cash and ending with £66,844.90.

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 and grant ringfenced funds. At the beginning of the year, the total was £69,892.62 and the year ended with £66,844.90.

Earmarked reserves

Luxulyan Parish Council maintains these reserves: a moderate contingency reserve for unspecified over-expenditure and an election reserve in case of a contested election. It also has reserves for its assets: a small general building reserve, and specific reserves for the public toilets, the playing field, and the cemetery. There is also a parish council grant reserve for small community projects.

Each year the council budgets to top-up these reserves. In 2022-23, £2,750 was added to these reserves. During the year £3,062.38 was spent and at year end these earmarked reserves total: £25,802.62.

Grant ringfenced funds

The parish council has received grant funds which are ringfenced for grants and projects: the Bodwen Solar Park Fund, the Special Project Fund and Community Chest Grants. The Special Project fund was received as a one-off Covid grant in 2020-21 and has not been allocated to a project yet.

Payments from these reserves was £2,735.80 and a grant of £250 to set up a Warm Hub in Luxulyan was recently received. At year end, the grant ringfenced funds total: £41,291.82.

3.0 Budget & Precept

The budget for 2022-23 was £30,825. It was 1.9% more than the previous year

because local councils were warned about post-Covid inflation.

Precept

The Precept is a tax that parish councils charge parish taxpayers in order to meet their budget requirements. Parish Councils do not receive direct funding from central government; they must rely on their Precept and any other receipts they receive. The precept is calculated each year 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.

The precept for 2022-23 was £28,160, or 3.7% more than the previous year because projected receipts were much lower. Nevertheless, despite the rise in the precept, the taxbase was also broader, so the tax impact on a Band D household was a mere £0.15 more for 2022-23.

4.0 Budget Comparison

In 2022-23, reserve top-ups of £2,750 were subtracted from the Budget of £30,825 leaving £28,075.

Total payments were £33,956.47 (without VAT) and, from this, the payments from reserves (£5,643.18) must be subtracted, leaving £28,313.29.

Therefore, subtracting the payments against budget (£28,313.29) from the budget (£28,075) shows the parish council is £238 over budget. This overspend can be attributed to a retrospective national salary award.

VAT

Parish councils do not take VAT into consideration for budgeting purposes because parish councils may reclaim VAT. A VAT claim for the 2022-23 fiscal year of £1,505.78 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 *BDO LLP* and contact details are on the council's website.

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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