

PORLOCK PARISH COUNCIL

Supporting Statements to the Accounts as at 31 March 2023

1. **ANNUAL GOVERNANCE & ACCOUNTABILITY RETURN AGAR 2022/23** – see Appendix 1 with supporting documents, Bank Reconciliation, Explanation of Variances and Notification of the dates of the period for the Exercise of Public Rights.

1.1 ACCOUNTING STATEMENTS SECTION 2

Expressly in line with guidance from PKF Littlejohn, External Auditors and the JPAG Practitioner's Guide, the figures for 2021/22 have been restated in the AGAR, as follows:

Box 3: Total other receipts and Box 7/8: Balances carried forward

In 21/22, two charity donations were received at a PHSSG event £80 and £83.62 in aid of MIND and West Somerset Food Group respectively. The Parish Council received the cash donations and made payments by bank transfer to the charities in 21/22. However, the actual cash was not banked by the Parish Council until the following financial year, 22/23. As the cash was received in 21/22, Box 3 for 21/22 has been re-stated to include the £ 163.62 cash donations and Boxes 7 & 8 for 21/22 and Box 1 for 22/23 have been re-stated to reflect the increase in the balance carried forward. In order for 22/23 figures to agree with the bank reconciliation, Box 3 for 22/23 was also re-stated to exclude the £163.62 cash donations.

Box 4: Staff costs and Box 6: All other payments

In 21/22 the Parish Council engaged PHSSG administrators and a Floral Maintenance Contractor who were all paid on invoice. The payments £3927 were included in the AGAR as staff payments but they were not employees of the council and the payments should have been included in other payments. Box 4 and Box 6 for 21/22 have been re-stated accordingly.

Box 9: Total fixed assets plus long term investments

In 22/23 the Asset Register was updated and all fixed assets valued in accordance with their purchase price. Historically, the Old School Centre was valued in accordance with the rebuild cost. Total fixed assets are now valued at £231,931. Box 9 for 21/22 has been re-stated accordingly.

1.2 EXTERNAL AUDIT INTERMEDIATE REVIEW

The Parish Council has been selected for Intermediate Review for 2022/23. In addition to the requirements for the basic level review, the Parish Council must supply the following:

- i) Copies of year end bank statements to support the bank reconciliation (only one page per account showing the balance as at the close of business on 31 March 2023)
THESE WILL BE PROVIDED TO THE AUDITOR
- ii) If the 2021/22 external auditor report included any '**except for**' matters, copies of minutes and any agreed plan showing the corrective action taken to address these matters.

SEE 1.3

1.3 EXTERNAL AUDITOR FINAL REPORT & CERTIFICATE 21/22 EXTRACT:

Except for the matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

EXCEPT FOR MATTER: The smaller authority failed to approve the AGAR in time to publish it before 1 July 2022, the date required by the Accounts and Audit Regulations 2015, and did not disclose this by answering 'No' to Section 1, Box 1.

COUNCIL RESPONSE: The Parish Council will ensure that the AGAR is approved and published before the 3 July 2023 for the 2022/23 financial year, the date required by the Accounts and Audit Regulations 2015.

EXCEPT FOR MATTER: The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR.: Information has come to our attention that the smaller authority failed to bank charity collections and pay donations to the relevant charities on a timely basis. As a result, Section 2, Boxes 3, 7 and 8 are incorrect as they do not include this income during the year. This money was subsequently banked during 2022/23.

COUNCIL RESPONSE: The Locum RFO has completed the 22/23 AGAR and amended the prior year comparatives for Boxes 3, 7 and 8 in line with External Audit requirements. The Parish Council will approve the AGAR at the Annual Meeting on 10 May 2023.

Other matters not affecting our opinion which we draw to the attention of the authority:

OTHER MATTERS: We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2022/23 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2022/23 and ensure that it makes proper provision for the exercise of public rights during 2023/24.

COUNCIL RESPONSE: The Parish Council will ensure that it makes proper provision during the year 2023/24 for the exercise of public rights, to include the first 10 working days of July. The Parish Council will answer 'No' to assertion 4 of the Annual Governance Statement for 2022/23.

OTHER MATTERS: In the completion of the Annual Internal Audit Report, and their detailed reports, the internal auditor has drawn attention to significant weaknesses in relation to budget monitoring; VAT errors; lack of evidence of scrutiny of bank reconciliations; lack of minutes on website; cash accounting; risk management; accounting for and approval of payments; recording of use of grant funding/EMR; accounting records. The smaller authority has answered "No" to governance assertions in Section 1 Boxes 2, 6 and 7 in respect of this lack of internal control. The smaller authority must ensure that action is taken to address any remaining areas of weakness in a timely manner.

COUNCIL RESPONSE: The Parish Council has reviewed systems of internal financial control and budget monitoring and now has robust systems in place to ensure that:

- VAT is appropriately accounted for and VAT 126 submissions are made to HMRC regularly.
- Bank reconciliations are approved and signed by council each month.
- Council minutes are published on the website.
- Cash is collected and banked promptly.
- A Business Risk Management policy is in place and Risk Assessments are carried out as necessary.
- Payments are approved by council and made in line with Financial Regulations adopted March 2023.
- Earmarked reserves have been updated and are reviewed monthly.
- Detailed Receipts and Payments reports are presented to council on a monthly basis.
- The Finance Committee meets quarterly to monitor and review the budget and presents a report to Full Council.

OVERVIEW:

2. BALANCES

The Parish Council held £179,449 in its bank accounts as at 31 March 2023 – see BANK RECONCILIATION General reserves at £53,122 and Earmarked reserves at £126,327.

It is recommended that the sums held in reserves are reviewed on a regular basis in order to ensure that they are appropriate and that they reflect current council policy.

3. EARMARKED RESERVES

Earmarked reserves have been reviewed and updated with a total value of £126,327 – see EARMARKED RESERVES.

4. VAT

The council is due to be refunded for the year ending 31 March 2023 the sum of £570.82 from HMRC.

5. ASSETS - INVESTMENTS

The Allotment Reserve came into being in the 1970's from the sale of unused allotment land at the top of Bossington Lane which was subsequently used for housing (Hurlestone Park).

The council's current investment of 5% Treasury Stock 2015, produces an annual income of £1,225. The half yearly dividend is paid into the NatWest account.

The Allotment Reserve totals £44,939.51 and consists of the following:

- 5% Treasury Stock 2025 – nominal value **£24,501. (Accounted for as a fixed asset)**
- NatWest Allotment Trust Accounts. At 31st March 2023 the balance in this account was £20,438.51

6. ASSETS - FIXED

The Asset Register has been updated and now records a total value of fixed assets £231,931 (see ASSET REGISTER). £106K worth of historic assets have been added (street and garden furniture, wood pellet boiler & hopper, solar panels) and all items valued in accordance with their purchase price. In previous years, the Old School Centre had been valued in accordance with rebuild costs.

Buildings & Land:

The Old School Centre purchased in 1995 for £65K

Doverhay Reading Rooms purchased in 1981 for £6k

High Bank car park purchased in 2011 for £2250

Community Assets:

The Cemetery, Hawkcombe playground and the War Memorial are all recorded as community assets with a nominal value of £1.

NB The Parish Council is the Custodian Trustee of the Village Hall.

Annie Dallaway

Locum RFO

May 2023