

Responsible Financial Officer Reports (9-13)**9. RFO Report** - (for information – bank balances and financial update)

Bank balances - as at 31 March 2024 are as follows:

HSBC	29,025.11
Lloyds Debit card	1,767.15
Cornwall Council deposit	150,406.14
HSBC Money Market Deposit	348,265.46
TOTAL	<u>£529,463.86</u>

Financial Update

The year-end accounts are almost complete. A draft budget is presented in the next item, which does not include the TIC transactions, and accruals. The final internal audit is booked for the week commencing 13 May.

The final quarterly VAT return cannot be submitted until we have completed year end accounts. At the end of quarter 3 the estimated VAT overclaimed due to the Public Hall and Guildhall works is approximately £12,000, and this will increase with the final quarter payments. Once the year end accounts are completed, it will be possible to work with the Parkinson Partnership LLP to finalise an accurate calculation and liaise with HMRC to arrange repayment. This will come from the general reserve.

The first payment of the 2024/25 precept was received on 8 April totalling £302,598.50. An annual CIL payment has also been received of £15,694.42 in respect of planning application PA22/05578 (Persimmon - 23 dwellings on land at Addington) and has been transferred to the CIL reserve. This must be spent in accordance with the CIL guidance and reported to Cornwall Council.

10. Budget Monitoring 2023/24 – To receive and accept a draft budget report to **31 March 2024** for monitoring purposes**Attachment: 10. Budget Monitoring to 31 March 2024**

On target spend should now be at 100%

The following points should be noted on the Administration (101) budget (other budgets monitored within the relevant committees):

- Training (4110) has a significant underspend this year. Some training updated last year was valid for more than one year.
- Advertising (4180) has an underspend this year as more is done via online channels at lower cost. The 2024/25 budget set reflects this.

- Equipment & IT Purchase / Maintenance & Support (4230 & 4240) has an underspend of £3,888 combined which will be carried forward as we have not yet been invoiced for the work being undertaken by the new IT contractor.
- CCTV (4360) overspend of £9,818 will be funded from the CCTV reserve, and there will be no provision for dilapidations this year.
- Sports Pitch Working Party (4380) all expenditure has been reclaimed from s106 monies held by Cornwall Council and the income is shown in the Grants and Donations Received (1100)

The overall position on this budget, after allowing for transfers between reserves, will be an underspend of approx. £16,900 plus additional unbudgeted income from interest of £20,193.

Recommendation: to note and approve the budget monitoring report

11. Schedule of Payments - To receive and approve the schedule of payments.

Attachment: 11. Schedule of Payments

Recommendation: to approve the schedule of payments

12. Annual Review of the effectiveness of Internal Controls and Risk Management

Arrangements 2023/2024 – to review the effectiveness of internal controls and risk management arrangements for 2023/2024 and consider any additional action required

Attachments: 12i. Statement of Internal Control, 12ii. Financial Risk Assessment

Annually, the Council must review the effectiveness of its internal controls and risk management arrangements, before considering the Annual Governance Statements which will be presented to Council at the end of May. The attachments are provided to assist with the review.

Recommendation: To approve the Statement of Internal Control 2024 and Financial Risk Assessment 2024

13. Internal Auditor – To reappoint the internal auditor Hudson Accounting Ltd for a further three years

Attachment: 13. Internal Audit Proposal

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.

The Internal Auditor checks that the Council has followed Proper Practices and thus that the figures they present on their AGAR can be relied on. The Internal Auditor is checking the systems and controls, not the accounts.

When a council approves the Annual Governance Statement and the Annual Statement of Accounts, the report of the internal auditor is proof that a competent independent person has reviewed the systems.

By engaging an Internal Auditor who properly understands the legal framework and the Practitioners Guide, the council demonstrates to ratepayers that it is complying with the Accounts and Audit Regulations 2015.

The Practitioners' Guide includes detailed guidance for appointing an internal auditor. The key principles in appointing an internal auditor are independence and competence. There is no requirement for a person providing the internal audit role to be professionally qualified, however essential competencies to be sought from any internal audit service should include:

- understanding book-keeping and accounting processes; where an authority's turnover exceeds the £200,000 threshold, this must include accrual accounting and balance sheets
- understanding the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of management
- awareness of relevant principles and practice of financial and other risk management
- understanding proper practices in relation to governance and accounting requirements within the legal framework and powers of smaller authorities, as set out in the guidance
- awareness of the most recent model Standing Orders and model Financial Regulations as published by NALC and how they are adopted by authorities
- awareness of the relevance of VAT and PAYE/NIC rules as applied to the authority

There is a recognised shortage of suitably experienced internal auditors both locally and nationally, and CALC and NALC are working to address this.

Hudson Accounting Ltd were first appointed internal auditor to the Town Council in 2020, when the previous auditor was unable to carry out the audit at short notice. It is recommended that they are reappointed for up to a further three years.

Recommendation – To reappoint the internal auditor for a further three years

14. External Auditor BDO LLP – Annual declaration to confirm there are no conflicts of interest with BDO LLP

The external auditors are the regulated and independent professional firm appointed with a statutory mandate to audit the council. In basic terms, the external auditors provide assurance to residents and the council that the council's finances are soundly managed, and the annual accounts present a true and fair view of the council's income and expenditure and its assets and liabilities.

Smaller Authorities Audit Appointments (SAAA) is the independent, sector led organisation responsible for the appointment and contract management of external auditors to smaller authorities. They have appointed BDO LLP as external auditor to the Town Council for the 5-year period from 2022-23 until 2026-27.

BDO LLP require an annual declaration to confirm there are no conflicts of interest between Liskeard Town Council and BDO LLP.

Recommendation - To confirm there are no conflicts of interest with BDO LLP