Explanation of significant variances in the accounting statements – AGAR Section 2

Parish Council name: ______________Newenden Parish Council________________________________

Please explain any variances of more than 15% between the totals for individual boxes in Section 2. We do not require explanations for variances of less than £200; however, in some cases there may be '*compensating'* variances which leave the overall total for a box relatively unchanged – e.g. where there was a major one-off project in one year (e.g. contribution to village hall extension of £30,000), but a totally different expense of a similar size in the next (e.g. purchase of playground equipment of £28,000). In such cases, it would be helpful to provide an explanation of movements within each box. We also ask you to explain any change where there is a movement to or from zero. Please either use the proforma below, or complete a separate schedule if more space is required.

Section 2	**2022/23 £**	**2023/24 £**	**Variance (+/-) £**	**Detailed explanation of variance** **(for each reason noted please include monetary values (to nearest £100)**
Box 2 *Precept*	5301	10000	+ 4699	There is a £4699 (+88%) variance from the 22/23 figure. The precept was increased in 23/24 by this amount to include an additional £500 to allow for general inflation, £1500 to cover a commitment to an annual PC contribution to the running costs of the new village hall an £2000 to cover the outgoing clerk's salary increase for the first 6 months of the year and the higher salary of a new clerk for the second half of the year.
Box 3 *Other income*	8712	21808	+ 13096	There is a £13096 (+150%) variance from the 22/23 figure. 22/23 income, in addition to the precept, came from a refund of the cost of restoration of a path £3,000; grants for the Platinum Jubilee £1,000 and Coronation £500; sales of mugs for Platinum Jubilee £500; a grant for grass cutting of £2,000 and £500 management fee of Selmes Trust land. In 2023/24 other income has mainly been in the form of grants. £20900 has been awarded towards the new playground project and accounts for the large variance.
Box 4 *Staff costs*	1749	3140	+ 1391	There is a £1391 (+80%) variance from the 22/23 figure. The previous clerk's remuneration was at the lowest salary band SCP 5. To ensure the council attracted strong candidates when the previous clerk retired the role was advertised at a higher rate, SCP24 on the part time salary scale. The new clerk's salary increase accounts for the variance.

Box 5 *Loan interest/ capital*	0	0	£ 0.00	
Box 6 *Other payments*	7467	6276	-1191	There is a £1191 (-16%) variance from the 22/23 figure. The variance is due to the lower expenditure this year. In 22/23 various Jubilee events were held at a cost of approximately £2500 (including a £1000 grant). This year the PC only held a Christmas celebration for the village which cost approximately £475, £1025 less .
Box 7 *Balances carried forward*	15959	38350	+ 22391	**If some of the year-end balances are earmarked for specific purposes rather than as a general reserve, please provide a breakdown. You do not need to explain the year-on-year variance for this box.** £21400 of the year end balance is earmarked for the new village playground.
Box 9 *Fixed assets & long-term assets*	3702	3344	-358	**Explain <u>all</u> movements in this category and not just those above 15%.** 10% depreciation of playground equipment. Most equipment is awaiting repair / replacement.
Box 10 *Total borrowing*	0	0	£ 0.00	

Explanation of ‘no’ responses in the Annual Governance Statement AGAR Section 1

Parish Council name: ______________Newenden Parish Council________________________________

Please provide explanations to the external auditor for each ‘no’ response and describe how the authority will address the weaknesses identified.

Assertion 2. We maintained an adequate system of internal control including measures to designed to prevent and detect fraud and corruption and reviewed its effectiveness.

Newenden Parish Council has responded ‘no’ to this assertion because model Standing Orders and Financial Regulations were not in place until March 2023 when they were adopted by the council for the first time. New procedures for an annual review of these key documents have been introduced in the last couple of months and the council will tighten up its procedures for internal control. A new process of authorising expenditure has been introduced so more than one signatory is involved in approving each payment made and the clerk has oversight of each payment too.

Assertion 5. We carried out an assessment of the risks facing the authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.

Newenden Parish Council has responded ‘no’ to this assertion as, during the year 23-24, the council did not proactively identify and assess risks in a coordinated way. There has been no risk management system or record of financial or operational risks in place. The situation will be rectified during 24-25 through the introduction of new governance and risk management procedures that will introduce a simple risk assessment matrix to identify, prioritise and mitigate possible financial and operational risks. The controls and mitigations will be reviewed by the council annually.