**Section 3 – External Auditor covering letter comments 2023/24**

For ease of clarity, extracted comments with responses from the Report:

1. Per the internal auditor’s report, the internal auditor answered “not covered” to control objective F which suggests that the council does not operate a petty cash system and so referencing petty (even as a nil balance) on the bank reconciliation seems unnecessary.

We would suggest the reconciliation schedule is updated to remove it if the Council do not operate such a system.

The standard report from Scribe accounting system does not allow for petty cash not to be in the report (the question has been asked, and this is their standard format - PDF). The only thing that can be done is to reformat the original report to another format that allows for the petty cash line to be removed. Amended copy uploaded to website.

1. Upon review, general reserves are being held at a low level. We are aware that the council is aware and that they are monitoring the position, Per Paragraph 5.33 of JPAG Practitioners’ Guide, better practice suggests this level should be at least 3 months expenditure as a minimum. These cannot include ring fenced funds and should avoid including funds which are designated for another purpose.

General Reserves 2023-24 closed at £142,199.

Expenditure for 2023-24 for the year was £574,077.31 (minus earmarked projects).

Therefore, 3 months equivalent equates to £143,519.32.

This actually means in real terms; the general reserve was only the recommended minimum by £1,320.32.

1. A We note that staff costs have been mentioned within the explanation of variances for Box 6. Whilst it appears that the Council has provided an explanation of the variance for the total expenditure between the current and prior year, please note that the explanation provided for the movement in Box 6 should relate to “total other expenditure” which should exclude staff costs that qualify for Box 4.

This relates to the Government Apprenticeship grant received for café apprentice. My understanding was that it was a grant to offset part of the wage cost for said person, hence including it in staff costs.

The figures have been restated and the amended version has now been added to the website.