

## FULL COUNCIL

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**Date:** Monday 26 June 2023

**Title:** Annual Governance and Accountability Return (AGAR) 2022/23

**Contact Officer:** Responsible Financial Officer – Nigel Warner

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### Background

The Accounts and Audit (England) Regulations 2015 require relevant bodies to complete an Annual Return which is attached at Appendix A. The Annual Return must be submitted to the external auditors by the 30 June having been approved by full council before that date.

### Annual Governance Statement

It is a statutory requirement that Members take responsibility for ensuring that there is a sound system of internal control in place for the Council and give answers to nine questions in 'Section 1 – Annual governance statement'.

The Responsible Financial Officer has prepared the following notes to assist Council's consideration of the Annual Governance Statement. Council is required to answer 'Yes' or 'No' to each of the statements 1 to 9 below. In the event of a 'No' response, explanations must be provided to the external auditor together with a description of the action that is being taken to address the weakness identified.

- 1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.**

**[yes means.... prepared its accounting statements in accordance with the Accounts and Audit Regulations]**

*[A] The Statement of Accounts has been produced and certified by the Council's contract Accountants DCK Accounting Solutions.*

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

**[yes means.... made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge]**

*[A] The Council's system of internal control is designed to manage risk to a reasonable level.*

*As Members you are all monitoring the Council's Internal Control mechanisms by attending Committee and Council meetings when regular management and financial information is provided, covering:*

- Service delivery and project performance;*
- Financial reports measuring actual expenditure against budgets;*
- Comprehensive budget cycle.*

*Key elements of the internal control environment include:*

- Internal Audit is independent and outsourced to Auditing Solutions Ltd and was re-tendered in 2021.*
- The Council adopted an updated 'Model Code of Conduct' on 10<sup>th</sup> October 2022 (minute 528). Following the May 2023 ordinary elections, the new administration adopted the Code at its Annual Meeting on 17th May 2023 (minute 245).*
- Standing Orders & Financial Regulations in place and reviewed.*
- The Council adopted an Annual Investment Strategy for 2004/05 on 5 May 2004 (minute 170/04 refers), which has been reviewed annually since. The last review being for 2022/23 on 30 January 2023 (minute F65).*
- This Committee adopted a formal Risk Management Policy and programme for 2005/06 on 4 April 2005 (minute F142 refers), which has been regularly reviewed, and presented annually for approval. The last review being for 2022/23 on 27 March 2023 (minute F162).*
- Operational Risk Assessments have been presented to Council as and when they arise. The Corporate Risk Assessments and Risk Register was presented and adopted by this Committee on 27 March 2023.*
- The Council invested in the software programme 'Local Council Risk System' during 2004/05 to assist in producing and monitoring its Corporate Risk Assessments and continues to use it for the Council's Corporate Risk Assessment.*
- The Council's book-keeping is currently outsourced to DCK Accounting Solutions Ltd, providing a further level of segregation of duties. However, during the staff restructure it was identified to appoint a separate RFO and Accounts Administrator for greater control and up to date reporting internally to support a council the size of Witney. The Accounts Administrator was in post for the whole of the year and the position of RFO commenced his duties in January 2023. To that point the work of the RFO was undertaken by the Town Clerk/CEO. Since January 2023 the work of the RFO has been transferred in stages to the dedicated RFO.*

3. **We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.**

**[yes means.... has only done what it has the legal power to do and has complied with Proper Practices in doing so]**

[A] *The Town Clerk and Internal Auditor constantly review legislative processes to ensure compliance and take action to overcome identified areas of non-compliance. Standing orders and Financial Regulations are established and referred to as appropriate.*

*The Council has the Power of General Competence (March 2016) which was reaffirmed at the Annual Council meeting on 17 May 2023 following the ordinary elections.*

4. **We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.**

**[yes means.... during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts]**

[A] *Compliance with year-end statutory requirements is prompted and monitored by the external auditors. Annual Reports including Financial Statements are available for inspection throughout the year. Financial information is also available on the Council's website. For information the notice advertising electors' rights for 2022/23 is attached as appendix B.*

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

**[yes means.... considered and documented the financial and other risks it faces and dealt with them properly]**

[A] *A local council risk system is used to identify and prioritise risks facing the council. Reports detailing actions taken and persons responsible are reviewed annually by council. The Internal Auditor also independently reviews the effectiveness of actions and controls. A comprehensive insurance policy is in place through Zurich Municipal.*

6. **We maintained throughout the year an adequate and effective system of internal audit of the council accounting records and control systems.**

**[yes means.... arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority]**

[A] *The internal auditor is appointed by council every five years. He attends at least three times a year with the resultant internal audit report reviewed by the Policy, Governance*

*& Finance Committee. The contract was re-tendered in the Summer of 2021 and a report presented to PGF on 27 September 2021 (minute F504 refers).*

- 7. We took appropriate action on all matters raised in reports from internal and external audit.**

**[yes means.... responded to matters brought to its attention by internal and external audit]**

*[A] Management responses and actions taken are recorded as part of the annual audit reports from internal and external auditors which are reviewed by council.*

- 8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.**

**[yes means.... disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant]**

*[A] The Town Clerk and the RFO review and accrue for any material known or contingent liabilities at the year-end.*

- 9. Trust funds (including charitable) – in our capacity as the sole managing trustee we have discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.**

*[A] Not applicable.*

#### Annual Return 2021/22 & unaudited Financial Statements

As 'Section 2 of the Annual Return – Accounting Statements' gives only a summary of the Council's financial operations, therefore supplementary unaudited Financial Statements are produced which presents in more detail the financial position of Witney Town Council and its income and expenditure for the year. This is attached as Appendix C.

#### Annual Internal Audit Report

Throughout the year Auditing Solutions Ltd, the Council's independent Internal Auditors have carried out several remote/in-person visits to scrutinise internal procedures and accounting. The Internal Auditor has carried out the final audit and has therefore completed page 3 of the Annual Return signed off by Adrian Shepherd-Roberts. The full Internal Audit Report was considered by the Policy, Governance & Finance Committee at its meeting on 19 June 2023, and is attached for information at Appendix D.

### Financial Implications

There are no financial implications arising directly from this report.

### **Recommendations**

The Council is invited to note this report and

- 1) that the Annual Governance Statement at Section 1 of the Annual Return for the year ended 31 March 2023 where questions 1 to 9 were answered yes, be approved and adopted;
- 2) that the Statement of Accounts at Section 2 of the Annual Return for the year ended 31 March 2023 be approved and adopted;
- 3) that the unaudited Financial Statements for the year ended 31 March 2023 be noted.