

**Agenda Item:** Annual Governance and Accountability Return (AGAR) 2024/25

**Date:** Monday 23 June 2025.

**Contact Officer:** Responsible Financial Officer (RFO)

### 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.

### Current Situation

#### 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.

**Statement 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 in section 2 of the annual return has been produced and certified by the Council's Responsible Financial Officer.*

*The accounts are prepared in accordance with proper practices and in particular with reference to the Joint Panel on Accountability and Governance (JPAG) 2024 edition of the Practitioners' Guide, published by the National Association of Local Councils. The Practitioners' Guide ('the guide') is issued by JPAG to support the preparation by smaller*

*authorities in England of the statutory annual accounting and governance statements which are part of the Annual Governance and Accountability Return.*

*In accordance with Section 6 of the Local Audit and Accountability Act 2014, an authority is a 'smaller authority' if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6,500,000. This is the case for Witney Town Council.*

**Statement 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 items including:*

- 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. This is independent and outsourced to Auditing Solutions Ltd and was re-tendered in 2021. It is due to be retendered for a contract to commence from 1 April 2026.*
- The Council adopted an updated 'Model Code of Conduct' on 10th 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 regularly 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 latest review being for 2024/25 on 17 February 2025 (minute 108).*
- This Committee adopted a formal Risk Management Policy and programme for 2005/06 on 4 April 2005 (minute F142 refers); this has since been reviewed regularly. The policy is presented annually for approval, the latest review being for 2024/25 on 31 March 2025 (minute F189).*

- *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 31 March 2025. The risk register comprises nine sections:*
  - *Financial administration.*
  - *Banking and investments.*
  - *Expenditure.*
  - *Grants.*
  - *Income.*
  - *Insurance.*
  - *Payroll.*
  - *Internal audit.*
  - *Strategic risks.*
- *The Council's book-keeping and accountancy is undertaken in-house by the Responsible Financial Officer (30 hours per week) and the Administrative Support Assistant - Policy, Governance & Finance (25 hrs. per week). Financial procedures have been designed to allow for appropriate segregation of duties and to support and strengthen other internal controls.*

**Statement 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 continually 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.*

**Statement 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 draft notice advertising electors' rights for 2024/25 is attached as appendix B.

*The report from the external auditor, Moore, dated 3 September 2024 and in relation to the 2023/24 audit stated: "The inspection period for the exercise of electors' rights was set for 31 working days which is more than the mandatory 30 working days as set out in the Accounts and Audit Regulations 2015, Paragraph 14 (1) . Although this is considered to be a minor technical breach, given more than the standard amount of time was provided for, in future the Council should ensure it provides the precise public inspection period. We would anticipate the Council taking this into account when it completes Assertion 4 on its 2023/24 Annual Governance and Accountability Return..."*

*There is an argument that providing more than the mandatory working days does not adversely affect the answer to this question. Nowhere is "working day" defined as being from 0000hrs to 2400hrs and in reality on the first day of the inspection period the notices are posted during the morning and so 30 working days later would be the morning of day 31.*

*The Council is requested to consider its response Yes or No to the question "We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations."*

*However the audit comment is reflected in the notice of electors' rights for 2024-25 and the 30-working period runs from Tuesday 24 June to Monday 4 August 2025.*

**Statement 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] Your officers maintain a register in Word for corporate and financial purposes. This identifies and prioritises 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.*

**Statement 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). A tender exercise will be taking place during 2025-26 with a view to a contract commencing on 1 April 2026.*

**Statement 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.*

*The report from the external auditor, Moore, dated 3 September 2024 and in relation to the 2023/24 audit stated with regard to the period for exercise of electors' rights: "The same point was also raised in our report for 2022/23. As a result, the Council should have provided a "No" response to Assertion 4 of Section 1 of the Annual Governance and Accountability Return which relates to the Notice of Public Rights was advertised within the financial year 2023-24. This is because this relates to the Notice announcing the public right to review the 2022-23 return which was published during 2023-24. As the same breach of this regulation has occurred in respect of the 2023-24 return the Council should also have answered "no" to Assertion 7 of Section 1 of the Annual Governance and Accountability Return which relates to taking appropriate action on matters reported from internal and external audit." Members are requested to consider their answer to the question, "yes" or "no," having regard to the auditor's report. Your officers will advise further at the meeting.*

**Statement 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.*

**Statement 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 2024/25

‘Section 2 of the Annual Return – Accounting Statements’ is the statutory form of accounts required of councils if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6,500,000.

It is subject to audit as part of the Annual Governance and Accountability Return 2024/25 Form 3.

The final management accounts for 2024-25 will be presented to the meeting of this Committee on 21 July 2025. This does not affect the AGAR.

#### Annual Internal Audit Report

Throughout the year Auditing Solutions Ltd, the Council’s independent Internal Auditors have carried out a number of visits and also undertaken some work remotely, in order to scrutinise internal procedures and accounting.

The Internal Auditor, Adrian Shepherd-Roberts of Auditing Solutions has carried out the final audit work for the year and he has completed page 3 of the Annual Return.

The full Internal Audit Report is at a separate agenda item.

### **Impact Assessments**

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council’s Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.
- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

### **Risk**

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

The Accounts and Audit (England) Regulations 2015 require relevant bodies to complete and approve an Annual Return which must then be submitted to the external auditors by the 30 June each year. Undertaking this exercise is an important part of considering and managing the Council's risk. Furthermore, consideration and action in relation to the matters outlined in this report is essential in order to comply with the law.

## **Social Value**

Social value is the positive change the Council creates in the local community within which it operates. Robust financial management, control and compliance with the Accounts and Audit (England) Regulations 2015 is a prerequisite of enabling the Council to deliver social value.

## **Financial implications**

There are no financial implications arising directly from this report.

## **Recommendations**

The Committee is requested to note this report and recommend to the Full Council:

- 1) that the Annual Governance Statement at Section 1 of the Annual Return for the year ended 31 March 2025, with the following answer to the questions [to be determined at the meeting] be approved and adopted;
- 2) that the Statement of Accounts at Section 2 of the Annual Return for the year ended 31 March 2025 be approved and adopted;
- 3) that the draft notice advertising electors' rights for 2024/25 is noted.

## **APPENDIX A**

ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN 2024/25 FORM 3.

## **APPENDIX B**

NOTICE OF PUBLIC RIGHTS AND PUBLICATION OF UNAUDITED ANNUAL GOVERNANCE & ACCOUNTABILITY RETURN - ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025.