
Agenda Item: Annual Governance and Accountability Return (AGAR) 2025/26.

Meeting Date: Monday, 22 June 2026.

Contact Officer: Responsible Financial Officer.

The purpose of this report is to consider the Annual Governance and Accountability Return (AGAR) 2025/26 and explain what the Council is required to do in order to approve the AGAR.

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

The form comprises a number of pages and these are detailed below.

Pages 1 and 2 – guidance notes and checklist

These comprise guidance notes and a checklist for the Responsible Financial Officer (RFO to complete before submission to the External Auditor).

Page 3 – Internal Audit Report 2025/26

This is the statutory report completed by the Internal Auditor. 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.

This should be taken into consideration when Members consider the Annual Governance Statement.

As detailed above the report included in the AGAR is in a statutory format. The full Internal Audit Report is at a separate agenda item.

Page 4 – Section 1- Annual Governance Statement 2025/26

This is the document where Members consider the system of internal control including arrangements for the preparation of the Accounting Statements.

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 ten questions in 'Section 1 – Annual governance statement'.

The Responsible Financial Officer (RFO) 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.

The RFO considers that Members should answer Yes to questions 1 to 8 and 10 and not applicable to question 9;

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] **Statement of Accounts.** Arrangements are in place to enable the preparation of an accurate and timely statement of accounts detailed in section 2 of the annual return.

These have been produced and certified by the Council's Responsible Financial Officer. They have been prepared in accordance with proper practices and in particular with reference to the Smaller Authorities Proper Practices Panel "Practitioners' Guide 2025 – Governance and accountability for smaller authorities in England" ("the Guide"). This is jointly published by the National Association of Local Councils, the Society of Local Councils and the Association of Drainage Authorities" 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.

[B] **Budget estimates.** In accordance with relevant legislation, the Council prepares and approves a budget in a timely manner before setting its precept. The Council monitors its budget during the year through regular reports to the Council's committees, taking corrective action where necessary.

- [C] **Accounting records and supporting documents** – The Council has appointed an officer to be responsible for the financial administration of the authority in accordance with Section 151 of the Local Government Act 1972. The Council needs to have satisfied itself that its Responsible Finance Officer (RFO) has determined a system of financial controls and discharged their duties under Regulation 4 of the Accounts and Audit Regulations 2015. The RFO has maintained effective procedures to accurately and promptly record all financial transactions and maintained up to date accounting records throughout the year, together with all necessary supporting information. The accounting statements in Section 2 of the Annual Governance and Accountability Return agree to the underlying records.
- [D] **Bank reconciliations**- Statements reconciling the Council’s three bank accounts with its accounting records are prepared on a regular basis, including at the financial year-end and reviewed by the Council at each meeting of the Policy, Governance and Finance Committee.
- [E] **Investments** - Arrangements are in place to ensure that the authority’s funds are managed properly and that any amounts surplus to requirements are invested appropriately, in accordance with the annual agreed Investment Strategy, which itself has regard to the government’s Statutory Guidance on Local Government Investments.
- [F] **Reserves** - The Council has a policy that the General Reserve has a minimum balance of three months’ budgeted net revenue expenditure and reviews the level and purpose of Earmarked Reserves on an annual basis as part of its budget making process.

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] **Internal control.** 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 as a competent provider of these services. There is a separate report recommending

the appointment of Auditing Solutions for the year commencing 2026-27 and that a re-tendering exercise takes place during 2026-27 for a new contract for Internal Audit services to commence on 1 April 2027.

- 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), and this is then reviewed annually.
- 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 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 2025/26 on 30 March 2026 (minute F165).
- 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 30 March 2026. These Risk Assessments focus on the safety of the Council's assets, particularly money.

The risk register comprises nine sections:

- Financial administration.
 - Banking and investments.
 - Expenditure.
 - Grants.
 - Income.
 - Insurance.
 - Payroll.
 - Internal audit.
 - Strategic risks.
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- The Council's book-keeping and accountancy is undertaken in-house by the Responsible Financial Officer (30 hours per week), the Administrative Support Assistant - Policy, Governance & Finance (25 hrs. per week) and the Finance Apprentice (full-time including attendance at college).
Financial procedures have been designed to allow for appropriate segregation of duties and to support and strengthen other internal controls.

[B] **Bank accounts** - The Council approves the setting up of, and any changes to, accounts with banks or other financial institutions including associated mandates.

- [C] **Employment** – Salaries and wages paid to all employees are approved in advance by the Council. The Council has in place robust payroll arrangements, and the Council complies with its duties under employment legislation and has met its pension obligations.
- [D] **VAT** - The Council has proper arrangements in place for handling its responsibilities regarding VAT.
- [E] **Loans**- loans are only entered into once the Council is satisfied that they can be afforded and that relevant approvals have been obtained. Proper arrangements are in place to ensure that funds are available to make repayments of capital and any associated interest and other liabilities.
- [F] **Fixed assets** and equipment – the Council has arrangements to ensure that the Council’s assets are secured, properly maintained and managed efficiently.

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] **Powers**- The Town Clerk and Internal Auditor continually review legislative processes to ensure that the Council has the powers to undertake actions and that it complies with regulations and proper practices. Corrective action is taken as necessary. Standing orders and Financial Regulations are in place.

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] **Electors rights** - 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 2025/26 is attached as appendix B.

[B] **External Auditor's Review** – The notice of the conclusion of the external auditor's limited assurance review of the Annual Governance and Accountability Return for 2024-25, together with relevant accompanying information, was published on the Council's website and in its noticeboard on 26 September 2025 in accordance with the legislative requirements. It was also considered by the Full Council meeting which took place on 6 October 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] **Risks** - Your officers maintain a register in Word for corporate and financial purposes. This identifies and prioritises risks facing the council in relation to its actions and decisions. 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] **Internal audit** - The internal auditor is appointed by council every five years and is an independent and competent person employed by [Auditing Solutions](#)

The Internal Auditor undertakes reports throughout the year with the resultant internal audit report reviewed by the Policy, Governance & Finance Committee. The contract was due for re-tender in 2025; it is now proposed that this exercise takes place in 2026 for a new contract from 1 April 2025. There is a separate report to the Committee in this regard.

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.

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.

Statement 10: We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.

This has been added to the AGAR this year to clarify data compliance, this having previously been covered under Assertion 3. A report from the Deputy Town Clerk was submitted to this Committee on 22 September 2025 (minute F553). This outlined the requirements and confirmed that the Council was compliant in relation to this matter.

[Yes means proper arrangements are in place for effective IT and data management].

[A] **Email management** – the Council has a generic email account hosted on an authority owned domain.

[B] **Websites – legal requirements** - The Council meets legal requirements for its two websites, www.witney-tc.gov.uk and www.witneycornexchange.org.uk

[C] **Website accessibility** - Websites must meet the Web Content Accessibility Guidelines 22.2 AA and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 (where applicable).

[D] **Published documentation requirements** - The Council website (www.witney-tc.gov.uk) includes published documentation as specified in the Freedom of Information Act 2000 and the Transparency code for smaller authorities (where applicable).

[E] **Legal requirements** The Council follows both the General Data Protection Regulation (GDPR) 2016 and the Data Protection Act (DPA) 2018.

[F] **Processing of personal data** - The Council processes personal data with care and in line with the principles of data protection.

[G] **Data Controller and Data Processor** - Note that the DPA 2018 supplements the GDPR and classifies an authority as both a Data Controller and a Data Processor.

[H] **IT policy** - The Council has an IT policy which explains how everyone - clerks, members and other staff - should conduct authority business in a secure and legal way when using IT equipment and software. This relates to the use of authority-owned and personal equipment.

Page 5 – Section 2 - Annual Return 2025/26

‘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 External audit as part of the Annual Governance and Accountability Return 2025/26 Form 3.

There is one item to note in relation to the figure in line 8 - Total fixed assets plus long term investments and assets.

The figure previously published for the year ended 31 March 2025 was £7,573,997 whereas the records suggest that it should have been £7,599,265. The RFO is attempting to reconcile the reason for the difference, noting that this is a “book figure” which will not affect the actual assets owned. The RFO has therefore included the prior year comparison figure as £7,599,265 and consequently the column has, in accordance with the guidance in the Practitioners’ Guide, been headed up “Restated.”

The draft management accounts for 2025-26 are presented as a separate agenda item. This does not affect the AGAR.

Page 6 – Section 3 – External Auditor’s Report and Certificate 2025/26

When the audit is completed the External Auditor, Moore (Peterborough office) will issue their report in the format set out in this section. It is therefore blank at present.

Corporate Strategy

The Council’s Strategic Plan 2025–29 sets out the Council’s long-term priorities and direction, supporting its mission to ‘make Witney a great place to live, work and visit.’ This report contributes to the delivery of the following strategic pillar of the plan:

1. A Forward Looking Town Council

However, as all services require financing and their efficient delivery relies on robust controls, strong financial management and constant monitoring, of which this report is an integral part, this report may be said to contribute to all of the strategic pillars.

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 consider 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

Members are invited to note the report and recommend to the Full Council:

- 1) That the Annual Internal Audit report be noted for consideration when answering the questions in relation to Section 1 of the Annual Governance Statement.
- 2) That the Annual Governance Statement at Section 1 of the Annual Return for the year ended 31 March 2026 be approved and adopted (note that the RFO considers that Members should answer Yes to questions 1 to 8 and 10 and not applicable to question 9);
- 3) That the Statement of Accounts at Section 2 of the Annual Return for the year ended 31 March 2026 be approved and adopted;
- 4) That the draft notice advertising electors' rights for 2025/26 is noted.