

POLICY, GOVERNANCE & FINANCE COMMITTEE

Date: Monday 13th July 2020

Title: Annual Governance and Accountability Return (AGAR) 2019/20

Contact Officer: Town Clerk/RFO – Sharon Groth

Background

The Accounts and Audit (England) Regulations 2015 require relevant bodies of our size to complete an Annual Return which is attached at Appendix A. Owing to the COVID-19 pandemic regulations have been made via The Accounts & Audit (Coronavirus)(Amendment) Regulations 2020 to extend the statutory audit deadlines for 2019/20 only. It requires the Annual Return be submitted to the external auditors by the 31 August 2020 (formally 30 June 2020) having been approved by full council.

Annual Governance Statement

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

The Town Clerk has prepared the following notes in order 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 have to 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 Beavers and the Internal Auditor (Annual internal audit report).

- 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 provision of 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.*
- *The Council adopted the revised 'Model Code of Conduct' at its Annual Meeting held on 9 May 2007, and all new Members following ordinary and by-elections have signed up to this.*
- *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 2019/20 on 17 June 2019.*
- *The Council invested in the software programme 'Local Council Risk System' during 2004/05 in order to monitor its Risk Assessments, and continues to use it for the Council's Corporate Risk Assessment.*
- *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 to Council for approval. The last review being for 2018/19 on 25 March 2019.*
- *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 full Council 25 March 2019.*
- *The Council's book-keeping is outsourced to DCK Beavers Ltd incorporating a further level of segregation of duties.*

- 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 15 May 2019 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.

- 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] Whilst the Council uses the local council risk system to identify and prioritise risks facing the council. Unfortunately due to extenuating circumstances of sickness absence as well as the COVID-19 pandemic the Town Clerk/RFO has been unable to produce the corporate risk assessment reports for the financial year 2019/20 for review by council.

But despite this the Internal Auditor has independently reviewed the effectiveness of actions and controls through three visits.

- 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.

- 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 reviews and accrues 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 2019/20 & 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 B.

Annual Internal Audit Report

Throughout the year Auditing Solutions Ltd, the Council's independent Internal Auditors have carried out a number of visits to scrutinise internal procedures and accounting. A final audit was undertaken on 19 June when page 3 of the Annual Return was signed off by Adrian Shepherd-Roberts. The full Internal Audit Report is provided under the previous agenda item.

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 2020 where questions 1 to 9 were answered yes, (with the exception of question 5 – which will be no) be approved;
- 2) that in regard to question 5 – where due to extenuating circumstances of the Town Clerk/RFO being off for a period of sickness absence culminating with the COVID-19 pandemic – the following explanation be provided to the external auditor along with the assurance that the Council is undertaking an organisational review to address capacity

issues and will ensure that support is given to the Town Clerk to illuminate the fact that only one member of staff is able to assess the corporate/financial risks of the Council.

- 3) that the Statement of Accounts at Section 2 of the Annual Return for the year ended 31 March 2020 be approved.
- 4) that the unaudited Financial Statements for the year ended 31 March 2020 be noted.