

Committee: FULL COUNCIL

Date: 20 June 2023

Title: AGAR 2022-23

Purpose of Report

For Members to consider the annual AGAR Statements and resolve each of the AGAR statements, and to confirm the dates set for the exercise of public rights.

Recommendation:

- a. To consider and resolve each of the annual AGAR Statements for the year ended 31 March 2023. Each Statement on the AGAR declaration to be resolved separately.
- b. To confirm the dates set for the exercise of public rights and authorise the Mayor and Town Clerk to sign the AGAR document.

Background:

1. Local councils with a turnover of £6.5 million or less must complete an Annual Governance and Accountability Return (AGAR) in accordance with proper practices summarising their activities at the end of each financial year. This document is contained in **Appendix 13A**.
2. In accordance with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015, the notice to electors to allow the exercise of public rights to inspect the accounts for the Year ended 31 March 2023 will be posted on the web and on council noticeboards before 23 June 2023. The information will be displayed for a 30 day period.
3. In accordance with the Accounts and Audit (England) Regulations 2011. The Annual Governance and Accountability Return must be approved by Full Council and submitted to our external auditors by 3 July 2023.
4. If an Annual Governance and Accountability Return is approved and/or submitted after this date, a qualified audit opinion will be issued.
5. As Members are aware the External Auditor has the right to issue a Public Interest Report (PIR) and if the council fails to approve and submit the Annual Governance and Accountability Return along with all the supporting documentation then it will do so by the 30 September 2023.
6. The External Auditor for 2022-2023 is the same as last year and is PKF Littlejohn.

Report:

7. The attached return for 2022-2023 consists of four sections:
 - The Annual Internal Audit Report

- Annual Governance Statement
- Accounting Statements
- External Auditor Report and Certificate

Annual Internal Audit Report

8. This report is based upon independent opinion, an assessment of risk and a selective assessment of compliance with relevant procedures and controls. In Ilminster Town Council's case this process has been carried out by Kevin Rose from IAC as appointed by the council.
9. The report's objective is to ascertain if:
 - Accounts have been kept properly;
 - Financial regulations have been complied with;
 - Risks have been assessed and reviewed;
 - Precept requirements resulted from an adequate budgetary process, budgets monitored, and reserves held at an appropriate level;
 - Expected income has been received, accounted for, banked and VAT has been accounted for;
 - Petty cash is properly catered for;
 - Salaries, allowances, PAYE and NI requirements are met;
 - Asset and investment register is completed and any actions carried out;
 - Accounting statements have been correctly prepared.
10. Mr Rose carried out an interim report which was reported to Members at the Full Council meeting following a visit on 14 November 2022. A further visit to examine the end of year accounts was then carried out on 25 May 2023 when he looked at the end of year accounts and completed his examination of the documentation for 2022-23.
11. Mr Rose's report has been dealt with at this meeting under Agenda Item 11 and items raised have been dealt with in other reports also brought to this meeting.
12. The internal audit return that has to be submitted to the External Auditor as part of the AGAR documentation has been signed off and is included in the documentation ready to be sent off to the External Auditor.
13. Mr Rose has also provided a letter (**Appendix 13B**) in which he has detailed the reasons for "not covering" items K, L and O under Internal Control Objectives.
 - *The reason for the "Not Covered" response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review in 2021/22.*
 - *The reason for the Not Covered response for Objective L is that it is not applicable to your Council as your 'annual turnover' exceeds £25,000.*
 - *The reason for the Not Covered response for Objective O as it is our understanding that the Council does not act as Trustee.*

14. Should this be raised by the External Auditor then the letter from Mr Rose can be used to explain the reasons for there being no comment.

Annual Governance Statement 2022-2023

15. This section extends beyond the accounting statement and asks Members to confirm to the best of their knowledge and belief that:
- Effective arrangements are in place for the sound financial management and the preparation of accounting statements;
 - There are adequate systems of internal control;
 - There are proper opportunities for electors to exercise their rights;
 - Risks are assessed and controlled;
 - Internal audit arrangements are in place;
 - Appropriate actions are taken in response to internal and external auditor recommendations
 - Exposures with a financial impact are included in accounting statements

Accounting Statements 2022-2023

16. This section details the accounting statement for the financial year that ended on 31 March 2023, drawing comparison with the accounting statement for the previous financial year.

External Auditor Certificate and Opinion 2022-2023

17. The approved accounts are referred to the council's external auditors, PKF Littlejohn; these accounts must be with the external auditor **by 3 July 2023**.
18. PKF Littlejohn will review the Annual Governance and Accountability Return and supporting information and report on any matters that give them cause for concern with regards to any aspect of any legislation or regulatory requirements that have not been met.
19. As explained already the external audit must be completed by 30 September 2023; otherwise, a qualified opinion will be issued. The external auditor's certificate and opinion must be reported to the council and put on display.
20. Members are required to accept and approve each of the Annual Governance Statements (Section 1) and to agree the date upon which the notice to electors will be published. Each item will require there to be a proposer and seconder.

Mark Tredwin
Town Clerk
June 2023