

# **Stratfield Mortimer Parish Council**

**Full Council 11/04/2024**

## **Annual Governance and Accountability Return (AGAR)**

**Agenda item 23 /152 9: To receive and note the guidance on the financial year end and AGAR process.**

### **BACKGROUND**

For each financial year, The Accounts and Audit Regulations 2015 require smaller authorities<sup>1</sup> to conduct a review of the effectiveness of their system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.

The purpose of the annual governance statement is for the authority to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for.

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require all authorities to prepare a statement of accounts for each financial year in accordance with proper practices.

The annual governance statements and statement of accounts form part of the Annual Governance and Accountability Review (AGAR).

Generally, any smaller authority receiving income or incurring expenditure in any one year of over £25,000 must complete a basic level review. Those smaller authorities receiving income and/or incurring expenditure over £200,000 are automatically subject to an intermediate level review. An intermediate level review involves additional testing to ensure compliance with the statutory requirements and means the authority must provide additional information. The additional information required changes year-on-year.

For 2023/2024 SMPC 's income will be over £200,000 and SMPC is, therefore, subject to an intermediate level review. The additional information required for 2023/24 is noted in 6. e. below.

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<sup>1</sup> A smaller authority is an authority that has gross annual income or expenditure (turnover) below £6.5 million.

## **SUMMARY OF YEAR END PROCESS**

### **1. Accounts**

These will be completed to 31 March 2024.

### **2. Review of the effectiveness of the system of internal control**

This is undertaken by the Finances and General Purposes Committee, and the Statement of Internal Control is signed by the Chairman. The effectiveness of the system of internal control is also considered by the full Council and must be undertaken prior to approving the Annual Governance Statements and Accounting Statements. The internal auditor may also make recommendations on internal controls– see 3. below.

### **3. Internal Audit**

The internal audit has been booked for Thursday 23 May. Prior to approving the AGAR, the Council must receive and note the draft internal auditor's report. An action plan on any points raised by the auditor should be devised to ensure that the Council has the correct internal controls in place as recommended.

### **4. Approval of AGAR Section 1 and 2 at a meeting of the full Council**

This will be undertaken at the June meeting of the Council.

- a. AGAR Section 1 – Annual Governance Statement: This consists of a series of governance statements, known as assertions, which are read out and considered one by one by the Council.

Depending on the actions taken either during the financial year or after the financial year-end, the Council needs to answer, 'Yes' or 'No' to each assertion. Supporting evidence for each assertion will be provided but if it is not possible for the Council to respond 'Yes' to any assertion, an explanation must be provided to the external auditor describing how the Council will address the weaknesses identified.

Section 1 of the AGAR is signed by both the Chairman of the meeting and the Clerk, and the date and minute reference of the meeting recorded on the form. The Council **MUST** approve Section 1 before approving Section 2.

- b. AGAR Section 2 – Accounting Statements. This takes the form of a summary income and expenditure account and a statement of balances. The accounting statements present two years' accounts side by side enabling any significant changes that have occurred during the current year to be easily identified.

Section 2 is completed and signed by the Responsible Finance Officer (RFO) in advance of the meeting before being presented to the Council. Once approved by the Council it is

signed by the Chairman of the meeting and the date and minute reference of the meeting recorded on the form.

*As an example, copies of AGAR Section 1 and 2 from 2021/22 can be found at [Annual Return 2022/23 | Stratfield-Mortimer Parish Council](#). Additional information regarding the assertions and the evidence required, and the accounting statements is provided in the Practitioners' Guide, a copy of which may be found at [file \(nalc.gov.uk\)](http://file.nalc.gov.uk)*

## **5. Annual Internal Audit Report**

Once the Council has approved AGAR Sections 1 and 2 as above, the internal auditor completes and signs the Annual Internal Auditor Report.

## **6. External Audit**

The completed AGAR Sections 1 and 2 and the Annual Internal Audit Report must, this year, be returned to the external auditor by Monday 1 July 2024. Other supporting documents required to be sent to the External Auditor are:

- a. Explanations of the reason for any "No" responses on Section 1.
- b. Bank reconciliation as at 31<sup>st</sup> of March 2023.
- c. An analysis of any significant year on year variances in the accounting statements i.e. variances of more than 15% between totals for individual boxes.
- d. Reconciliation of reserves.
- e. Confirmation of dates of period for the provision of public rights. The period of public rights provides the opportunity for the approved accounts and accounting records to be inspected for a single period of 30 consecutive working days.

The Responsible Finance Officer (RFO) sets the period for the exercise of public rights on behalf of the Council, but it must include a common inspection period of the first ten working days of July. During this period, the accounts and accounting records of all smaller authorities must be available for public inspection.

- f. Completed confirmation of general power of competence status with supporting documentation – this is part of the intermediate level review.
- g. Contact form.
- h. Other documents required by the External Auditor as requested.

## **7. Period for the exercise of public rights**

Before the 1<sup>st</sup> of July 2024 the Council must publish the following information on a publicly accessible website:

- a. Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited.
- b. AGAR Section 1 - Annual Governance Statement 2023/24, approved and signed.
- c. AGAR Section 2 - Accounting Statements 2023/24, approved and signed.

**8. Notice of conclusion of audit**

Once the external auditor has completed the review and is able to give an opinion on the limited assurance, the External Auditor Report and Certificate will be returned to the authority. By the 1<sup>st</sup> of October 2024 the Council must publish:

- a. Notice of conclusion of audit.
- b. AGAR Section 3 – External Auditor Report and Certificate.
- c. AGAR Sections 1 & 2, including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that the Annual Internal Audit Report is also published.

*Clerk 28/03/2024*

