

Stratfield Mortimer Parish Council

Full Council 13/06/2024

ANNUAL GOVERNANCE AND ACCOUNTABILITY REVIEW (AGAR)

Agenda item 24/030 4: To consider and address each statement and approve the 2023/2024 Annual Governance Statement for signing by the Chairman and Clerk.

For each financial year, The Accounts and Audit Regulations 2015 require smaller authorities¹ to conduct a review of the effectiveness of the system of internal control and, as part of that review, 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.

As an authority receiving income in 2023/24 between £200,000 and £6.5 million SMPC must complete AGAR Part 3. This includes Section 1 as follows.

AGAR SECTION 1 - ANNUAL GOVERNANCE STATEMENT 2023/2024

Section 1 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. 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 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.

Below are the "assertions" and details of appropriate evidence to support a 'Yes' answer to each assertion. Further information can be obtained from: **JPAG – Joint Panel on Accountability and Governance – Governance and Accountability For Smaller Authorities in England:** [file \(nalc.gov.uk\)](https://www.nalc.gov.uk)

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

Assertion 1: Financial management and preparation of accounting statements: *We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.*

- Budgeting:
 - A budget was prepared prior to setting the precept.
 - The budget has been regularly reviewed monitored against actual income and expenditure in order that corrective action may be taken if required.
- Accounting records and supporting documents:
 - The Council has appointed a RFO to undertake responsibility for financial administration of the Council.
 - Financial control systems have been determined.
 - The RFO has maintained up to date accounting records with supporting information. The reports were regularly presented to F&GP and the Council.
 - The accounting statements in Section 2 of the AGAR agree to the underlying records.
- Bank reconciliation:
 - Monthly bank reconciliations have been undertaken and have been reviewed by a councillor on a quarterly basis and reported to F&GP and the Council.
- Investments:
 - The Council has an Investment Strategy which was reviewed as part of the Budget Process.
 - The Council currently has no long-term investments. Short-term investments are monitored.
- Statement of Accounts
 - The Council has ensured that arrangements are in place to enable preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.
- Reserves:
 - Reserve levels and purpose were reviewed and agreed as part of the budget process.
 - Additional year-end reserve transfers were reviewed by F&GP.
 - Adequate reserves have been maintained.
 - A Reserve Policy is being introduced.

Assertion 2: Internal Control: *We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.*

- Standing Orders and Financial Regulations:
 - The Council has in place Standing Orders and Financial Regulations governing how it operates.

- The Financial Regulations were reviewed and adopted in April 2024 and, following the release of the latest Model Financial Regulations from NALC are being reviewed again.
- The Standing Orders and Financial Regulations have been adhered to.
- Safe and efficient arrangements to safeguard public money:
 - The Council approved authorised signatories for its accounts and limits of authority.
 - Procurement and payment process have been carried out in accordance with the Council's Standing Orders and Financial Regulations.
 - Payments authorised by the Chairman/Vice-Chairman and/or Clerk were reported to the Council at the next appropriate meeting.
 - Other payments were authorised by the Council.
 - At least two councillors authorised the payment process via Unity Trust Bank for those payments agreed by the Council or Chairman/Vice-Chairman/Clerk.
 - A schedule of regular/annual payments by direct debit and standing order were approved by the Council. When made, such payments were subsequently reported to the Council.
 - Cash and cheques were banked promptly. In general, no petty cash is held.
 - The Lloyds credit card has defined limits as per the Financial Regulations and is cleared monthly by direct debit.
 - A quarterly internal control is undertaken.
 - A quarterly review of the bank reconciliation is undertaken by a nominated councillor.
- Employment:
 - The annual remuneration to all employees was approved in advance.
 - The Council uses payroll software to help ensure accuracy of payments.
 - Employees were paid in accordance with PAYE and NIC requirements.
 - Two councillors checked and approved the monthly payroll and payments.
 - PAYE and NIC liabilities were paid promptly to HMRC.
 - Pension arrangements are in place.
 - Employers' liability insurance and fidelity guarantee insurance were in place.
 - Employment matters were considered by the Personnel Sub-Committee.
- Value Added Tax
 - VAT liability is considered and accounted for, and VAT returns submitted on a quarterly basis.
 - Advice has been sought where necessary.
- A Fixed Asset Register was maintained in accordance with the JPAG recommendations and was reviewed and approved by the Council.
- Risk Assessment and Internal Controls:
 - A quarterly review of the bank reconciliation was undertaken by a councillor and reported back to F&GP and the Council.

- A quarterly Internal Control was undertaken by a councillor and reported back to F&GP and the Council.
- F&GP undertook an annual review of the effectiveness of the system of internal control (Statement of Internal Control) which was reported back to the Council.
- A review of the Risk Register was undertaken.

Assertion 3: Compliance with laws, regulations and proper practices: *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.*

- Acting within its powers:
 - The Council exercised the General Power of Competence under the Localism Act 2011.
 - Decisions were taken by the Council and/or appropriate Committee and/or under delegated powers and in accordance with Standing Orders and Financial Regulations.
- Regulations and proper practices:
 - The Council has kept up to date with new regulations and latest versions of existing ones through training, and publications from NALC, SLCC etc.
 - Information has been published as per the Transparency Code for Smaller authorities [SMPC Transparency Code | Stratfield-Mortimer Parish Council](#)
- Email management:
 - The Council has Office 365 and each officer and councillor has a .gov.uk email address.

Assertion 4: Exercise of public rights: *We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.*

- Notice of Public Rights and AGAR Sections 1 and 2 (Unaudited):
 - For the financial year 2022/23, these was posted on the Council's noticeboards and website on Tuesday 13 June 2023 giving any interested persons from Wednesday 14 June to Tuesday 25 July 2023 the right to inspect and make copies of the AGAR and the accounting records inclusive.
 - A declaration confirming the status of the statement of accounts as being "unaudited" was also posted to the noticeboards and website.
- Limited assurance review by the external auditor:
 - In accordance with Regulation 13, after the conclusion of the period for the exercise of public rights the Council published on its noticeboards and website the annual governance statement, statement of accounts and the external auditor's certificate and report – Sections 1, 2, and 3 of the Annual Governance and Accountability Return. Copies are kept for purchase for 5 years.

Assertion 5: Risk management: *We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.*

- Risk Register:
 - The Council identified, assessed, and recorded risks, both financial and operational, and mitigating actions on its Governance and Management Risk Register.
 - The Risk Register was reviewed by F&GP at its meeting on 7 March and received by the Council on 11 April 2024.

Assertion 6: Internal audit: *We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.*

- The Council instructed an independent and competent internal auditor to undertake both a mid-term and end of year audit to evaluate the effectiveness of its risk management, control, and governance processes. Full assistance was given, and information provided to the internal auditor as required.
- The second internal audit was undertaken on 23 May 2024 and a summary of the findings was provided in a report. The internal auditor also completed the Annual Internal Audit Report (AIAR) for submitting to the external auditors.

Assertion 7: Reports from auditors: *We took appropriate action on all matters raised in reports from internal and external audit.*

- The mid-term internal audit report was received by the Council on 9 November 2023, it concluded:

Overall conclusion Generally, the financial records are well maintained and appear complete and fit for purpose. The control systems and procedures appear efficient and effective.

There were some errors found during the testing of tennis income but otherwise no issues arose during the audit. Changes have now been made to the ClubSpark system so tennis income will be correct henceforth.

- No matters were raised by the External Auditor.

Assertion 8: Significant events: *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.*

- No significant events have occurred.

Assertion 9: Trust Funds – N/A

Clerk – 29/05/2024