

Full Council

Date:	16 June 2020
Title:	External Audit / Annual Governance and Accountability Return (AGAR) / End of Year Accounts 2019-20
Contact Officer:	Karen Slater, Office Administration Manager

Purpose of Report

1. To provide relevant background to the Financial Statement (unaudited) for the year ending 31 March 2020 and the Annual Governance and Accountability Return (AGAR) (including the Annual Governance Statement and the Accounting Statements) for 2019–20.

Background

2. Those who are responsible for the conduct of public business and for spending public money are accountable for ensuring that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
3. In discharging this accountability, public bodies (both members and officers) are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal.
4. As a safeguard to ensure the proper discharge of this accountability, external auditors in the public sector give an independent opinion on public bodies' financial statements.
5. They may also review, and report on, aspects of public bodies' arrangements to ensure the proper conduct of their financial affairs and to manage their performance and use of resources.
6. On 30 November 2016 the Small Authorities Audit Authority (SAAA) announced the award of new External Auditor contracts for a period of five years with Moore Stephens being appointed for Oxfordshire. The new contract relates to the financial year beginning 1 April 2017.
7. Moore Stephens completed the External Audit for 2018-19 in line with that contract and will do so again this year.
8. As last year, the Town Council, along with other councils, is now required to submit an Annual Governance and Accountability Return (AGAR) instead of an Annual Return to our external auditor, Moore Stephens, which is still part of the "limited assurance" regime, since it relates to a gross income or expenditure of less than £6.5m per annum.

Annual Governance Statement 2019-20 (Appendix a)

9. It is a requirement of Accounts and Audit Regulations for the Town Council to separately approve the Annual Governance Statement (Section 1 / page 4 of the AGAR) in advance of approving the Accounting Statements. The Town Council is responsible for ensuring that there is a sound system of internal control which includes the preparation of the accounting statements. The Annual Governance Statement is attached as Appendix a.

Financial Statement (Unaudited) Year Ending 31 March 2020 (Appendix b)

10. To complete the Accounting Statements within the AGAR, the Financial Statement for the year ending 31 March 2020 has to be prepared.

11. The Financial Statement (unaudited) for the year ending 31 March 2020 has been prepared by Derek Kemp of DCK Beavers Ltd. The Financial Statement is attached as Appendix b.

12. The Financial Statement is not a legal requirement, and Moore Stephens have no responsibility for auditing it, hence "unaudited". The Financial Statement does however provide a fuller explanation of the End of Year accounts and movements in reserves, so has value. It shows that there was a deficit for the year, resulting in a decrease in General Reserves of **£30,734**, and an increase in earmarked revenue reserves of **£63,516**.

13. The Town Clerk has reviewed the 2019-20 accounts in detail, against the budget and the 12 month forecast at 2020-21 budget setting and there is no particular variance of note. A deficit of **£10,407** was budgeted, it was predicted to be **£14,000** at budget setting (6 months in) and turned out to be **£30,734** at year end. Reported in year overspends and additional spending relating to staff recruitment costs /crossover GH & JC salary costs, park repairs, depot H&S Mezzanine, increased fuel costs (vehicles), increased electricity use, Town Hall Maintenance, IT equipment to replace BR & CP old machines and SODC grant absorptions.

Summary Income & Expenditure by budget codes	Income	204,690
	Expenditure	163,549
	Net Income over expenditure	<u>41,141</u>

Accounting Statements within the AGAR 2019-2020 (Appendix d)

14. The figures within the Accounting Statements (attached as Appendix d – Section 2 / Page 5 of the AGAR) are established from the Financial Statement via the Annual Return Working Paper (Appendix c).

Legal Powers: Accounts and Audit Regulations 2015

Recommendation that: *The Annual Governance Statement for 2019-20 be approved*

i) The Financial Statement (unaudited) for the year ending 31 March 2020 be received

ii) The Accounting Statements for 2019-2020 be approved