

KETTERING TOWN COUNCIL

REPORT FOR DECISION

Item No:- 22/013

Committee:-	COUNCIL
Date:-	17 th May 2023
Author:-	Martin Hammond, Clerk
Report Title:-	Annual Governance Statement
Wards Affected:-	None

1. Purpose of Report

To submit the internal audit report and seek approval for the annual governance statement and the statements of account for 2022/23 financial year. .

2. Recommendations

Council is recommended to

- a) Accept the annual internal audit report for 2022/23 financial year
- b) Approve the Annual Governance Statement for 2022/23 and authorise the Mayor and clerk to sign it
- c) Approve the Accounting Statements for 2022-23 and authorise the Mayor and clerk to sign it.
- d) Agree the period allowed for public inspection of the accounts should run from 12th June until 21st July 2022

3. Information

- 3.1. At the conclusion of each financial year, the Council is required to prepare and submit an Annual Governance Statement and a Statement of Accounts, which form the basis of the external audit that takes place later in the year. In doing so, the Council must have regard to the internal audit report and the auditor's confirmation as to the accuracy of the submission.

The statements taken together are referred to as the AGAR (annual governance and accountability return).

- 3.2. The attached AGAR (Appendix One) comprises two sections therefore – one describing the Council’s processes for ensuring probity and financial controls (pages 3 and 4) and the second summarising the receipts and payments made during the financial year (page 5) Both have to be signed by the chairman of the meeting and the clerk, once they have been approved, and they must be approved in that order.
- 3.3. Once approved, the Council must publish the AGAR and other associated documents and also publish the dates during which members of the public may arrange to inspect the accounts. The documents must be submitted to the external auditors by 1st July and the period of inspection must last for a period of thirty working days including the period 1st-14th July. The material must be freely available on the Council’s website.
- 3.4. These accounts have been prepared on an *income and expenditure basis* (that is, they record the payments and receipts which relate to activity in the financial year, whenever received) not simply those payments and receipts made between the start and end of the year). Last year, on the advice of the internal auditor, the accounts were prepared on a receipts and payments basis, and this means that the 21/22 accounts has had to be restated on an income and expenditure basis in order for the two years to be reviewed together. The Finance and Governance Committee has throughout the year, been receiving monthly and year end reports which take an *income and expenditure* approach, to give assurance and support financial planning,
- 3.5. It is necessary to identify and explain changes in spending for each budget heading which varies by more than 15% form the previous year. In our case, that requirement affects every budget heading because we are comparing a full year of operation in 22/23 with the initial set up year of 21/22.
- 3.6. The Internal auditor’s report is attached as Appendix Two to this report. It will be reviewed in detail by the Finance and Governance Committee at its next meeting.

4. Consultation and Engagement

This is a statutory process with opportunities for electors and taxpayers to examine the accounts once they have been available in July.

5. Finance, Legal and Resource Implications

5.1. The form, content and timetable for the AGAR is set out in the 2015 Audit and Accounting Regulations – regulation 11.

5.2. The Council ended the year with approximately £164,000 in its various bank accounts, including £138,000 in reserves or for earmarked purposes. £70,000 of that is reserved for the public toilets scheme, so can be expected to be used during 2023-4. After year end adjustments have all been cleared through the system, the Council will have

- £50,307 in general reserves
- £70,000 in the public toilets fund
- £18,156 in the elections reserve
- £25,706 in the current account most of which can be added to general reserves in due course

5.3. The Council spent a total of £203,523 before VAT in the year. All VAT paid out during the course of the year has been repaid by HMRC.

5.4. Income in the year, on top of the precept, comprised

- Market rents	£8709
- Business rate relief	£3368
- Allotment income	£2265
- Lottery income	£4624
- Bank Interest	£ 758
- Events, and misc.	£ 396
- Charities recharge	£ 616
TOTAL	£20736

6. Policy Implications

The Council's corporate plan states "*The Council will function as efficiently and effectively as it can, as a steward of the public money with which it is entrusted*".

Background Papers

Financial accounting information
AGAR advice notes and guidance
Internal audit commentary on draft submission.

