

KETTERING TOWN COUNCIL

REPORT FOR DECISION

Item No:- 22/014

Committee:-	COUNCIL
Date:-	18 th May 2022
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 2021/22 financial year. .

2. Recommendations

Council is recommended to

- a) Accept the annual internal audit report for 2021/22 financial year
- b) Approve the Annual Governance Statement for 2021/22 and authorise the Mayor and clerk to sign it
- c) Approve the Accounting Statements for 2021-22 and authorise the Mayor and clerk to sign it.
- d) Agree the period allowed for public inspection of the accounts should run from 13th June until 22nd 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 6) 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. On the advice of the internal auditor, these accounts have been prepared on a *receipts and payments basis* rather than an *income and expenditure basis* (that is, they record the actual payments and receipts made up to the end of the financial year, rather than those which might relate to the financial year but which had yet to be transacted on 31st March). This method of accounting is appropriate for authorities spending less than £200,000 in any one year and can continue to be used until the Council has had three consecutive years where expenditure exceeds £200,000. The Finance and Governance Committee has however been receiving monthly and year end reports which take an *income and expenditure* approach, to give assurance and support financial planning, and will continue to do so.
- 3.5. In this first year, there are of course no previous accounts to compare against, but in future, the Council will need to identify and explain changes in spending for each budget heading which varies by more than 15% from the previous year.
- 3.6. The internal auditor will present her report to the clerk on the 13th May, and it will be circulated to members that day, as Appendix Two to this report.

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 £33,800 in its bank account, but with outstanding debits and credits still to be processed. As at the 11th May, all these have been resolved, except for a sum of £516 still due from NNC for Welcome Back Fund expenditure. Including this figure, a sum of £21,705.87 has not been spent from the 21/22 financial year and will be added into balances.

6. Policy Implications

6.1. 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.

