

Agenda item 8

For decision - Annual Governance and Accountability Return 2017/18 and Earmarked Reserves

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Summary

The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6. The annual internal audit report on page 3, has been completed by the Council's Internal Auditors, Fair Account. The Annual Governance Statement and Accounting Statements for 2017/18 on pages 4 and 5 respectively must be completed and approved by the Council.

These statements are sections 1 and 2 of the Return at [Appendix 1](#) and the Annual Governance Statement must be approved before the Accounting Statement and minuted separately.

Earmarked Reserves at the beginning of the financial year are amounts accumulated for specific projects.

Please will Cllrs contact me in advance about any questions they have on the Annual Return.

A. Annual Governance Statement 2017/18 - Section 1

This section acknowledges that this Council has accepted responsibility for ensuring there is a sound system of internal control, including the preparation of the accounting statements in Section 2.

By ticking Yes to Boxes 1 to 9, Cllrs are confirming that the Council has:

1. Agreed that the accounting statements have been prepared in accordance with the Accounts and Audit Regulations
2. Made proper arrangements and accepted responsibility for safeguarding public money and resources in its charge.
3. In line with proper practices, done only what it has the legal power to do.
4. During 2017/18, given electors the opportunity to inspect the accounts.
5. Considered and managed financial and other risks and dealt with them properly.
6. Appointed an Internal Auditor, independent of Council, to give an objective view on whether the internal controls meet the needs of the Council.
7. Noted Internal Audits reports and responded to matters, if any, brought to their attention and also those of the External Auditor.
8. Disclosed everything relevant to its business activity.
9. Met all its responsibilities in its capacity as a sole managing trustee.

Recommendation

1. This Council instructs the Chair and the Clerk to sign on their behalf, their agreement to all the governance statements in Section 1 of the Annual Governance Statement and for it to be recorded as a minute reference.

B. Accounting Statements for 2017/18 - Section 2

Section 2 of the Annual Governance Statement compares the financial year 2016/17 with 2017/18 and where the difference between the two years is greater than a 15 per cent change, we have to explain why. This occurred in Box 3, 4 and 6.

Box 3 – Total other receipts. The proceeds of the sale of Palmer St offices, the final Council Tax Support grant and a loan from the Public Works Loan Board accounted for the significant income received in 2016/17. In 2017/18, Town Hall income and donations from Mendip District Council and the British Legion were the significant items.

Box 4 – Staff costs. The increase in 2017/18 is accounted for by: the recruitment of the new Health and Well Being Manager; upgrade to Project Officer from an assistant role; the whole year costs rather than a part of the year for the Marketing and Communications Manager and Town Hall Steward; and, increased the hours of one Ranger to full time for the second half of the year.

Box 6 – All other payments. In 2016/17 we incurred significant expenditure on the Town Hall project and on community development. In 2017/18 the significant expenditure was on the Market Place Improvements, Cheese and Grain Tower renovation and Victoria Park play equipment.

Recommendations

2. The Responsible Finance Officer has certified that the accounting statements fairly represent the financial position of Frome Town Council.
3. The Cllrs to instruct the Chair and the RFO to sign on their behalf that they have approved the accounting statements.

C. Earmarked Reserves

The Council establishes Earmarked Reserves over several years to enable funding of specific projects. [Appendix 2](#) shows the Earmarked Reserves at the start of the new financial year 2018/19.

It has been agreed to proceed with Phase 2 of the Town Centre Improvements and EMR 9115 will deliver this project. EMR 9020 is the balance due on Phase 1. EMR 9017 is Section 106 budgets for expenditure in defined area. The Saxonvale EMR 9056 is for legal and professional fees associated with the future redevelopment.

EMR 9100 Town Hall Investment is set aside for air conditioning, licences and investment to enable it to be “event ready”, including premises and alcohol licences. The Council is holding funds for two community groups, EMRs 9060 and 9420 which will be transferred once they have opened a bank account. The other EMRs are identified with a description.

D. The General Reserve

It should be noted that the General Reserves figure at the start of financial year 2018/19 is £30k over the agreed £180k level. The Town Hall income remains a high risk and may require underwriting from the General Reserves. Any decisions about unbudgeted expenditure from the General Reserve must be taken to Council.

Recommendations

4. Approve the Earmarked Reserves for the start of the financial year.
5. Note the amount in the General Reserve at the start of the financial year.