

Agenda item 9

For decision - Annual Governance and Accountability Return 2018/19 and Earmarked Reserves

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Summary

The Council must submit an Annual Governance and Accountability Return (AGAR) to external auditors every year, completed and approved in very specific order.

The AGAR for Council review and approval at this meeting is made up of three parts:

- Appendix 9.1 - the Annual Internal Audit report completed and signed by the Council's Internal Auditors, Fair Account, their audit confirmation letter and their accompanying note.
- Appendix 9.2 - the Annual Governance Statement (for approval by Council & signatures of Chairman and Clerk of the meeting)
- Appendix 9.3 - the Accounting Statements for 2018/19 certified by the RFO (for approval by Council & signature of Chairman of the meeting)

Earmarked Reserves are amounts accumulated for specific projects. An updated list of EMRs (Appendix 9.4) needs approval by the Council for commencement of 2019/20. Cllrs are also requested to note the amount in the General Reserve.

Please will Cllrs contact me by email [here](#) in advance of the meetings about any questions they have on the Annual Return or Accounting Statements.

Annual Internal Audit report – [Appendix 9.1](#)

This section has been completed by the Internal Auditors, Fair Account. The appendix contains the completed Annual Internal Audit form signed by the auditor, their audit confirmation letter and their accompanying note.

The Internal Auditors additional note refers to point 5 below. Whilst risk was assessed in the year by the Town Clerk, the resulting documentation was not reviewed by Council in the financial year to March 2019. The documentation is tabled for review at this meeting (15/05/19) and will be tabled annually in future for the May Council meetings.

Annual Governance Statement 2018/19 – AGAR Section 1 – [Appendix 9.2](#)

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 2018/19, 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. Instruct the Chair and the Clerk to sign Cllrs agreement to all the governance statements in Section 1 of the Annual Governance Statement and for it to be recorded as a minute reference.

Accounting Statements for 2018/19 – AGAR Section 2 – [Appendix 9.3](#)

Section 2 of the Annual Governance Statement compares the financial year 2017/18 with 2018/19 and where the difference between the two years is greater than a 15 per cent change, we have to explain why. This occurred in Boxes 3 and 6.

Box 3: Total other receipts – up by £198k. The uplift payment from the sale of Chantry House on the old Victoria Hospital site (£70k), a deposit received for the future sale of Saxonvale (£50k) and S106 funds (£79k) accounted for the significant income increase in 2018/19 compared to 2017/18.

Box 6: All other payments – down by £315k. In the previous year 2017/18 we incurred significant expenditure on play equipment (£54k), the Cheese and Grain Tower (£120k), Market Place Improvements Phase 1 (£267k) and Town Hall investment (£46k). These

Recommendations

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

categories were either zero or much reduced in 2018-19.

Earmarked Reserves – [Appendix 9.4](#)

The Council establishes Earmarked Reserves over several years to enable the funding of specific projects. At the end of the financial year March 2019 we had some underspends due to delayed projects and it is proposed to put these underspends into Earmarked Reserves for the specific projects, including the purchase outright of an IT server as opposed to entering into a five year lease purchase plan. Appendix 3 shows the proposed Earmarked Reserves at the start of the new financial year 2019/20.

The General Reserve

It should be noted that the General Reserves figure on the Balance Sheet at the end of March 2019 is £261k. As £63k has been committed to 2019/20 revenue expenditure, we start the year on 1 April with £198k in General Reserves. This is £18k over the £180k stipulated in the Financial Regulations. (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.