

## REPORT TO PICKMERE PARISH COUNCIL

6<sup>th</sup> June 2023

### AGENDA ITEM 7.1 – APPROVAL OF ANNUAL GOVERNANCE PROVISIONS and PROCEDURES FOR AUDIT

#### 1. INTRODUCTION

- 1.1 As is normal at this time of year, Council must consider the acceptability of the annual financial Governance Provisions (**AGAR** – Annual Governance and Accountability Return) under which the Council operates, and provided it is so satisfied, to consider the annual accounts and the procedures for audit.

#### 2. THE AUDIT PROCESS AND THE AUDITOR'S COMMENTS

- 2.1 The Council's financial procedures in relation to the accounts for 2022-23 have been considered and accepted by the Council's internal auditor, as is required. The Internal Auditor has signed the appropriate Internal Audit Report but has incorporated a series of recommendations for action in the forthcoming year (Appx. 7.1A and 7.1B). [It is relevant to point out that the Council's Internal Auditor for the last 18 years notified the Council in 2022 that she wished to cease performing this function and therefore the current Internal Auditor was appointed earlier this year and this is the first year that he has inspected the Council's accounts and financial systems.]
- 2.2 In brief his recommendations are, with the Acting Clerk's commentary, as follows:

Internal Auditor's comments	Response
The Council's financial risk assessment should address the risks of supplier fraud, including the adequacy of supplier onboarding controls. [Supplier onboarding, also known as vendor onboarding, is the process of collecting and analysing supplier information to register them in a company's system, purchase goods from them, and ensure compliance.]	No recommendation is given here as to how this might be organised. This will inevitably constitute an additional task for the Council – probably the Clerk.  Appropriate advice could be sought on this from colleague Clerks and/or CHALC
Village Hall Hire – although the level of hire income is low, the council should endeavour to issue sequentially numbered sales invoices for all hires based on the details on the booking form as a control over the completeness and accuracy of income.	Individual invoices for use of the Hall are issued for business users, although these have not been sequentially numbered.  The IA's recommendation would require additional resource. During the last year in particular the preponderance of hall bookings have been regular but varying use of the hall for Zumba and table tennis groups. Often such sessions are cancelled or are organised at very short notice and it is considered impractical for invoices to be issued to reflect such a varying situation.

	One possible remedy is to issue say a post-event invoice at the end of every month for such users, reflecting how much time they actually used the hall. Even this adds to the Council's administrative burden
The Council needs to retain a clear audit trail for all procurement to evidence for each contract how quotations were sought, which providers were approached for a quotation, and a summary of the response and actual quotations.	Possible but again an additional administrative burden.
The Council needs to ensure that a group of at least 4 councillors as signatories is established, with 2 councillors required to authorise online payments.	See report on this agenda.

### 3. COUNCIL'S ACCOUNTS FOR 2022-23 AND GOVERNANCE PROVISIONS

- 3.1 The Council's Accounting Statement for the year (see Appx 7.1D attached) indicates that total receipts for 2022-23 were £22032 and total payments £37501. Also attached (Appx. 7.1E) is the Explanation of Variances between the categories in the Statement comparing 2022-23 with 2021-22. This explanation was issued to the Internal Auditor and will shortly have to be submitted to the External Auditor.
- 3.2 The Council's financial reserves remain substantial, though reduced since 2021-22 as various items of expenditure have been incurred as explained in the Variances report. Your Council has earmarked the bulk of these reserves to various projects and expenditure areas, but these are capable of review in the future should Council wish.
- 3.3 Smaller authorities, such as Pickmere, whose annual income and annual expenditure are each less than £25,000, and who meet various criteria, are not required to submit their accounts for external audit. However, since the Council's expenditure for the year has exceeded the threshold of £25,000, it is necessary for the accounts to be submitted to the External Auditor for a limited assurance review.

### 4. THE GOVERNANCE PROVISIONS AND ANNUAL ACCOUNTS

- 4.1 Your Council must now consider, strictly in the order given, the following:
1. **The Annual Governance Statement for 2022-23** (Appx 7.1C) – i.e. the general principles under which the Council operates, particularly in relation to its financial systems and safeguards.
  2. **The Accounting Statement for 2022-23 (Appx 7.1D)** – i.e. the statutory summary of the Council's receipts and expenditure during this financial year.
  3. **The Council's annual Asset Register(Appx. 7.1F).**
- 4.2 The relevant documents are appended to this report.
- 4.3 Subject to your Council's agreement of these provisions and the financial figures, the Council is required:

- to send to the external auditor the AGAR forms by 3 July 2023 (non-submission by the deadline incurs a fee of £40 plus VAT, with non-submission by 31 July giving rise to other more serious sanctions).
- to publish relevant information on its website before 1<sup>st</sup> July 2022.
- to set a period of 30 working days for the exercise of public rights to view the accounts and accounting records, this period must include the first ten working days of July. Accordingly, it is proposed to set this period to start on Saturday 1<sup>st</sup> July and to end on Monday 14 August 2023.

## **5. RECOMMENDATION**

- 5.1 That Council notes that its accounting procedures have been successfully internally audited.
- 5.2 That the Annual Governance Statement be approved and the Chair and Acting Clerk be authorised to sign the return.
- 5.3 That the Accounting Statement for 2022-23 be approved and the Chair and Acting Clerk be authorised to sign the return.
- 5.4 That the relevant documents be submitted to the External Auditor in the appropriate timescale.
- 5.5 That Council approves the Asset Register as at 1<sup>st</sup> April 2023.
- 5.6 That Council approves the proposals for providing appropriate publicity to its Accounts for 2022-23.

**Jack Steel**

**Acting Clerk to the Parish Council**