

## **The Annual Governance and Accountability Return**

The Council must submit an Annual Governance and Accountability Return (AGAR) to external auditors each year. It has to be completed and approved in a specific order.

### **Annual internal audit report**

Signed by internal auditors appointed by Council. Actions to be taken on any recommendations made by the internal auditor.

### **Annual Governance Statement**

#### **Section 1 - The Annual Governance Statement**

##### **Introduction**

- The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.
  - The purpose of the annual governance statement is for an authority to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for.
  - Smaller authorities prepare their annual governance statement by completing Section 1 of the Annual Governance and Accountability Return. This is in the form of a number of statements, known as assertions, to which the authority needs to answer 'Yes' or 'No'. These are the actions that authorities need to have taken, either during the financial year or after the financial year-end to be able to answer 'Yes' to each.

#### **The following assertions must be answered**

##### **Assertion 1**

Financial management and preparation of accounting statements Consider if the following processes are in place

- Budgeting
- Accounting records and supporting documents
- Bank reconciliations
- Investments

##### **Assertion 2**

Internal controls Consider if an adequate system of internal control, including measures designed to prevent & detect fraud and corruption is in place and reviewed is for its effectiveness

- Standing Orders and Financial Regulations
- Safe & Efficient Arrangements to Safeguard Public Money
- Employment
- VAT
- Fixed Assets & equipment

- Loans & long term liabilities

Assertion 3

Compliance with laws, regulations & proper practices

- Acting within its powers
- Regulations & proper practices
- Actions during the year

Assertion 4

Exercise of public rights

Assertion 5

Risk Management Both Identifying and assessing risks and addressing risks

Assertion 6

Internal Audit

Assertion 7

Reports from Auditors Appropriate action on matters raised in reports from both Internal & external audit

Assertion 8

Significant events

Whether any litigation, liabilities or commitments, events or transactions occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements

Assertion 9

Trust Funds Not applicable

## **Section 2 - The Statement of Accounts**

### **Introduction**

- The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require all authorities to prepare a statement of accounts for each financial year in accordance with proper practices. It takes the form of a summary income and expenditure account and a statement of balances.
  - The accounting statements present two years accounts for the authority, side by side. The prior year figures can be taken directly from the previous year's Annual Governance and Accountability Return
  - Where an error has been identified in the prior year's accounts, after the external auditor's review, which has resulted in the carried forward figure in Line 7 being

amended, then the corrected figure needs to be carried forward to the current year's Annual Governance and Accountability Return. The authority must clearly indicate that the prior year column in the accounting statements is 'Restated' and inform the external auditor.

Notes taken from

JPAG Governance and Accountability for Smaller Authorities in England March 2019

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