

ALDENHAM PARISH COUNCIL

Council Document To review and agree the statement 1 of Annual Return 2020/21	AGENDA item 8 Full Council Meeting 24th May 2021
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Background

Corporate governance is defined as *"a system of law and sound approaches by which corporations are directed and controlled focusing on the internal and external corporate structures with the intention of monitoring the actions of management and directors and thereby mitigating agency risks which may stem from the misdeeds of corporate officers"*

The Accounts and Audit Regulations 2015 require all authorities to prepare a statement of accounts for each financial year, and to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper relation to accounts.

The purpose of the annual governance statement (attached as appendix 1) is for an authority to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and best practices and that public money is safeguarded and properly accounted for.

The authority is asked to answer Yes or No to certain statements and have evidence to back up this answer. This report is produced to answer these statements.

The Annual Return (AGAR)

The governance statement forms part of the Annual Return (see separate document) in accordance with proper accounting practices. The Annual Return is sent to the external auditors - PKF Littlejohn by the 30th June to comply, it

- Reports the annual statement of accounts as approved by the Council
- Certifies that the Council has discharged its statutory duties in relation to its financial affairs
- Records that the internal and external auditor have fulfilled their statutory responsibility
- Informs the local taxpayer and elector about how their council has operated during the last financial year
- Informs government and other stakeholders about the activity of local councils.

Annual Governance Statement

APC has the responsibility to adhere to the guidelines. Specifically, members are asked to consider the eight statements below which form Section 1 the Annual governance statement, and to consider how it manages them (see the tables supporting each statement).

1. APC have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements i.e. the accounts are properly prepared in accordance with the Accounts and Audit Regulation.

Risk Area	Further Definition	Action Taken
Budget	Prepared and approved in a	All Committees start the process from October the previous year, PCM/Assistant Manager prepares a

	timely manner and before precept set	possible budget discussed further by committee. All committee proposed budgets then discussed by F&GP Committee in January and an agreed recommendation made to Full Council to approve by end of January
	Monitor budget throughout year	Budget monitoring is an Item on all spending Committee meeting agendas. Assistant Manager prepares reports that detail spend/income against budget year to date and details variances of over 5%/ and £250. CM scrutinises these to ensure spending brought into line by year-end where possible. Quarterly all figures reviewed by Full Council.
	Assess income	The main income for APC is the precept. Assistant Manager issues invoices for leases, allotments, winter fair stalls and adverts in Around Radlett as a matter of course, and cross checks receipt of these monies. CiL receipts recorded separately in accounts package and reported to F&GP Committee.
	Thorough review undertaken by Council before any project is undertaken	The Council have adopted a 'Project Management' policy which states how large projects would be managed and financed. Working Parties are formed for all major projects and their recommendations are considered by Full Council. In 2020/21 APC has insisted that a cost consultant is employed early on in the project to ensure it is viable.
Legal	Appoint a suitably qualified Responsible Financial Officer	CM appointed as RFO, with background in finance.
Bank Reconciliations	Ensure these are regularly carried out and monitored by third party	These are prepared by Assistant Manager and checked by RFO monthly. Outstanding amounts are scrutinised as well as discrepancies. Bank statements and corresponding cash books at month end are presented to F&GP Committee and cross checked. Balances in current accounts, petty cash and investments reported monthly to Full Council. The internal auditor also checks random months on visits.
Investments	That surplus funds are invested appropriately	This is undertaken by F&GP Committee.

2. There is an adequate system of internal control including measures to prevent and detect fraud and corruption.

Risk Area	Further Definition	Action Taken
Standing Orders &	Are in place and regularly reviewed	Reviewed annually by Council, and checked during internal auditor visits. Notification of any changes in model standing orders is provide by NALC

Financial Regulations		
Safe and Efficient Arrangements to safeguard public money	Need to ensure that authority regularly reviews that financial regulations are adhered to	<p>Procurement -- There is a list of contractors that APC use whose work is satisfactory. All contracts advertised on APC website and Govt Procurement site where applicable.</p> <p>Authority to pay invoices - Majority of payments made by BACS which are agreed at Full Council meetings. The payment schedule, prepared by the Assistant Manager is signed by two Councillors, which authorises CM to complete BACS payment at the Bank. In 2021/22 this will change with new banking arrangements.</p> <p>Cheques where issued are signed at same meeting with two signatures. Direct debit and Standing Orders are reviewed annually at Annual meeting.</p> <p>Credit Cards -- Procedure for use in policy. APC do not have a debit card so credit card used for all purchases in retail stores and on-line. purchases. Credit Card held in safe under locked key held by CM. Permission to use the cards must be obtained from CM or Assistant Manager, and signed for.</p> <p>Cash -- Value of cash holdings for banking in a single transaction are adequately covered on insurance policy.</p> <p>There is no petty cash and till holding checked monthly. Also checked by internal auditor.</p> <p>Effective Debt Collection - CM reviews monthly outstanding invoices and liaises with Assistant Manager to ensure collection of funds is timely. Any decision to write off outstanding debt will be forwarded to Full Council.</p>
Employment	Staff salaries reviewed and cross checked to ensure payments monthly are correct	<p>Numerous Payroll services carry out payroll, LGPS and HMRC payments via BACS. CM sends list of overtime payments and changes to salary to contractor. Any CM payments above contract checked and signed by Chairman of Council, CM authorises other staff. Overtime policy in place. F&GP Committee authorise any changes to salaries. Cross checked by internal auditor during visit.</p>
VAT	Robust system to ensure that obligations under regulations adhered to	<p>VAT recovered where possible, Assistant Manager ensures that VAT number is valid where APC charged VAT. Quarterly VAT claims made System checked by CM and internal auditor during visits.</p>
Asset Management	Must maintain an up to date	<p>Checked as part of the Annual Meeting of the Council. Other assets recorded for office and depot and updated quarterly.</p>

	version of the asset register	
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3. We are compliant with laws, regulations and codes of practice. Decisions are taken by those with the authority to do so.

Risk Area	Further Definition	Action Taken
Legal Power	Check you have the power to enter into a contract or make a payment.	CM guides Council regarding powers and areas where APC cannot act but can liaise with another authority to say change a decision. APC do have 'General Power of Competency' so can carry out most decisions itself.
	General Power of Competence	Ensure that Council have met all the criteria before it awards itself this power. APC have this power when last reviewed in 2019 after the election.

4. We provide proper opportunity during the year for the exercise of electors' rights in accordance with accounts and audit regulations, i.e. during the year all persons interested are given the opportunity to inspect our accounts.

Risk Area	Further Definition	Action Taken
External Auditors report	Ensure notice of the conclusion of the audit is posted on the website and noticeboard	The 2019/20 was published by 2 nd November 2020. The report was reported to F&GP Committee and then Full Council and actioned accordingly.
Exercise of public rights	That on the website there is statement that shows a copy of the completed section 1 & 2 of the Annual Return, and how the full accounts can be viewed.	The documents will be published on the website once agreed at Full Council, full accounts will be made available to inspect by e-mail as offices are currently closed. In 2020 the notice was published correctly but the commencement date for the rights was dated the same day as the notice which is incorrect but not illegal.

5. We identify risks both financial and physical and take appropriate steps to manage these. We are building an adequate financial reserve and we have adequate insurance cover. We have internal control procedures in place.

Risk Area	Further Definition	Action Taken
	Ensure internal/external auditor reports viewed and actioned	All internal/external auditor's reports are put on the website as part of F&GP Committee agenda. Any actions required will be part of a report and these will form part of the minutes and resolved actions that are also discussed at Full Council meetings
Insurance/Risks	Ensure there is an adequate risk assessment regime and that where applicable	All risk areas reviewed annually, using the LCRS system and reported to F&GP. Insurance cover reviewed annually and necessary cover added if seen as missing or removed if no longer applicable.

	insurance cover is taken out	
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6. We have maintained throughout the year an adequate and effective system of internal audit of the accounting records and systems - arranged for a competent and independent person to give an objective view.

Risk Area	Further Definition	Action Taken
Internal Audit	Ensure that there is an audit and make all relevant documents available	APC have appointed IAC Ltd as their internal auditor. This appointment is reviewed annually. All documents are made available to the auditor during the visit.
Auditing	Internal Audit	Arranged two visits from Internal Auditor per year.

7. We took appropriate action on all matters raised in the reports from internal and external audit.

Risk Area	Further Definition	Action Taken
Audit	Internal Audit External Audit	Internal audit reports are considered at F&GP Committee and appropriate actions taken. Then also reported to Full Council Matters raised by external audit are reported to Council

8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end have a financial impact on the Council have been included in the accounting statements.

Risk Area	Further Definition	Action Taken
Significant Events	Is there an obligation that is so significant that it could affect the year-end figures	During the year Full Council will assess any significant events that occur and make provisions either from the contingency part of the budget or use of reserves.

On statement 9, APC will tick the box that says yes. On the criteria in the right-hand box on the statement, APC have two charities where it is sole trustee, The Radlett War Memorial Trust and King George V Playing Fields. There is a separate meeting and bank account for the KGV Playing Fields Trust. There is no income on the War Memorial Trust so there is no need to set this up for this charity.

On the Radlett Centre Trust, APC nominate two directors so the Council is not a sole managing trustee, and the Gravel Allotments they are joint corporate trustees with HertsmereBC.

Recommendation

Members are asked to consider this report and ensure that it can safely say yes to all boxes.
Peter Evans (Council Manager)

Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

ALDENHAM PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2021, that:

	Agreed		"Yes" means that this authority:
	Yes	No	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A <i>has met all of its responsibilities where as a body corporate it is a sole managing trustee of a local trust or trusts.</i>
	✓		

*For any statement to which the response is 'no', an explanation must be published

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman SIGNATURE REQUIRED

Clerk SIGNATURE REQUIRED

Other information required by the Transparency Code (not part of the Annual Governance Statement)

The authority website/webpage is up to date and the information required by the Transparency Code has been published.

Yes | No
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www.aldenham-pc.gov.uk THE ONLY VALID WEBSITE/WEBPAGE ADDRESS