



Agenda Item 8

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| Meeting | Full Council |
| Date | 22 June 2022 |
| Report Title | Year End Accounts and Financial Statements for 2021/22 |
| Author | Nick Rees, Director of Resources, Responsible Financial Officer |

1.0 PURPOSE OF REPORT

- 1.1 To present the recommendations from the Strategy and Resources Committee meeting held on 8 June 2022, namely that:
- i. The Annual Governance Statement 2021/2022 within the Annual Governance and Accountability Return (AGAR Form 3) **[APPENDIX A]** be approved and signed;
 - ii. The Accounting Statements 2021/2022 within the Annual Governance and Accountability Return (AGAR Form 3) **[APPENDIX A]** be approved and signed;
 - iii. The unaudited financial statements for the year ended 31st March 2022 **[APPENDIX B]** are adopted by Chippenham Town Council and signed.

2.0 INTRODUCTION AND BACKGROUND INFORMATION

- 2.1 Chippenham Town Council is required to produce an Annual Governance and Accountability Return (AGAR Form 3). This is subject to a Limited Assurance Audit by External Auditors and includes a report from the Council's Internal Auditors. The Council also prepares Financial Statements that are made available to the public for examination.

3.0 ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN, AUDIT AND FINANCIAL STATEMENTS

Limited Assurance Audit (External Audit)

- 3.1 Since 2010, Chippenham Town Council has been subject to the Limited Assurance Audit regime which requires the Council to produce an Annual Governance and Accountability Return which is subject to a 'desk top' audit by PKF Littlejohn LLP, its appointed external auditors. PKF Littlejohn will commence their audit following adoption of the Annual Governance and Accountability Return at this meeting of Full Council.
- 3.2 This external audit process gives the electorate the opportunity to examine the Council's accounts and to raise any issues with the external auditor (in accordance with the Local Audit and Accountability Act 2014). The examination period will commence on 24 June 2022 for a period of 30 working days. During this time, any person may inspect and make copies of the accounts and any related paperwork. During the same

period they may ask the auditor about the accounting records and object to the accounts or any item within them. Written notice of an objection must be given to the external auditor and a copy sent to the authority. Objections must concern a matter of which the external auditor could make a public interest report or apply for a declaration that an item of account is unlawful.

- 3.3 The Annual Governance Accountability Return (AGAR) contains three sections, the first two of which must be signed off by Full Council. These statements must be dealt with separately and sequentially, signed and minuted.
- i. Section One is the Annual Governance Statement which states that the authority has in place sound systems of internal control, to be agreed by Full Council at this meeting;
 - ii. Section Two is the Accounting Statements (the year end accounts figures), to be agreed by Full Council at this meeting;
 - iii. Section Three is the External Auditor Report and Certificate. This will be completed by PKF Littlejohn LLP at the end of their audit work.

Internal Audit

- 3.4 Chippenham Town Council has appointed Auditing Solutions as its Internal Auditors. Auditing Solutions conduct an agreed programme of audit reviews, attending the Town Hall on several occasions during the year to conduct their audit work and produce regular reports that are brought to the Council for scrutiny. Auditing Solutions made audit visits throughout the year and have signed the Annual Internal Audit Report 2021/22 section of the Annual Governance and Accountability Return on 16 June 2022. They conclude that “in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority”.

Financial Statements

- 3.5 Chippenham Town Council produces a full set of financial accounts, in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE) regulations, to give a comprehensive statement of the Council’s financial position and provide year-on-year comparisons.
- 3.6 Income & Expenditure Summary for the year ending 31st March 2022:
- Chippenham Town Council generated a Net Surplus in the Income & Expenditure Account of £551,177;
 - This is a consolidated representation of the net effect of all income and expenditure to the Council during the year, both through Income & Expenditure (I&E) “Revenue” (as reported to the Council each quarter by way of its Management Accounts) and through Capital/Ear Marked Funds Reserves (C/EMFs) in the Balance Sheet;
 - The Management Accounts (I&E) element comprises a Surplus added to General Reserves of £46,294 and Net Income transferred to Ear Marked Reserves of £275,204. The remaining Surplus, the Balance Sheet C/EMF element of £229,679, is predominantly made up of unspent Community Infrastructure Levy (CIL) Income received in the year (note: £375,376 of CIL Income was received during the year);

- The General Reserve is now £851,713 being 25% of the 2021/22 Precept £3,406,852, in line with Council policy;
- The balance of Capital/Ear Marked Reserves was £2,253,814 at the end of the 2021/22 financial year.

3.7 The original Income & Expenditure (Management Accounts) "Revenue" budget, approved by Full Council in January 2021, for 2021/22 was for break-even. However, a surplus of £321k was made due to Income exceeding budget (by £278k) and Expenditure lower than budget by £43k.

The budget for 2021/22 was agreed by Full Council on 13th January 2021 just at the point that England entered a third national Covid-19 lockdown. It was therefore assumed that Other Income would be approximately £300k (50%) lower than in pre-Covid years, consistent with the experience at the beginning of the previous financial year.

In fact, the majority of the Council's facilities have been allowed to operate fully since July 2021. In addition, the Council received a one-off distribution of funds on the wind-up of the BID and has a new tenant for the Pasty Shop. Overall Income was above budget by £278k.

Overall expenditure was £43k (1%) below budget, most of which came from a refund of rates paid at the Museum and Yelde, received in the final month of the financial year.

3.8 The final results for 2021/22 reported in the Consolidated Financial Statements is a surplus of £551k. This is an Income & Expenditure "Revenue" Surplus of £321k. £46k of this is retained in General Reserves and the balance of £275k has been transferred to C/EMFs. In addition, a surplus on the net Income and Expenditure through C/EMF reserves during the year of £230k, due to unspent CIL income, is retained in the Balance Sheet.

4.0 CONTRIBUTION TO CORPORATE PLAN PRIORITIES

4.1 Maintain effective and efficient governance and management of resources.

5.0 STAFFING IMPLICATIONS

5.1 There are no staffing implications.

6.0 FINANCIAL IMPLICATIONS

6.1 There are no financial implications.

7.0 LEGAL IMPLICATIONS

7.1 There are no legal implications.

8.0 RECOMMENDATIONS

- 8.1 That the following statements within the Annual Governance and Accountability Return (AGAR Form 3) are approved by Full Council and be signed by the Chair and Chief Executive:
- i. The Annual Governance Statement 2021/2022;
 - ii. The Accounting Statements 2021/2022;
- 8.2 That Full Council adopts the unaudited financial statements for the year ended 31st March 2022 for Chippenham Town Council and that these be signed by the Chair and the Responsible Financial Officer.