

Oswestry Town Council

Report from the Finance Officer to the Council – Wednesday 24th
June 2020

Annual Return/Final Accounts 2019/20 - A Brief Explanation

Purpose

The purpose of this report is to provide a brief background and explanation to the enclosed **Final Accounts** document and the **Annual Return** that has been completed.

Content

As advised in previous years the Audit Commission are no longer engaged to provide our annual External Audit with the main change being moving away from FRSSE accounting, requiring a full audit to a “limited assurance” audit and the completion of an Annual Return. The new legislation affects all local authorities with income or expenditure less than £6.5m in any year and they must comply unless they choose to opt out and request a full audit, obviously at significant extra cost.

The Regulations require that an Annual Return is completed around the Final Accounts which is forwarded to the Council’s appointed Auditor, PKF Littlejohn, together with bank reconciliations, balance sheet, variances etc. The audit is then carried out externally, auditors visiting the Council only if significant problems arise. Significant cost savings are evident as a result. The Annual Return must also be completed by the Council’s Internal Auditor confirming their satisfaction that;

- Appropriate books of account have been kept.
- Financial Regulations have been met, payments were supported by invoices, expenditure was approved, and VAT accounted for appropriately.
- The Council assessed the significant risks to achieving its objectives.

- The demanded Precept resulted from an adequate budgetary process and regular budget monitoring took place during the year.
- Income was fully received, properly recorded and banked.
- Petty Cash payments were in order.
- Salary payments were in order.
- Asset Registers were in order.
- Periodic and year end bank reconciliations were properly carried out.
- Accounting Statements were prepared on the correct accounting basis.
- The Council met its responsibilities as Trustees to the Cae Glas Charity.

The Annual Return records:

- Balances Brought Forward,
- Annual Precept,
- Other Receipts,
- Staff Costs,
- Loan Interest/ Capital Repayments,
- All Other Payments,
- Balances Carried Forward,
- Total Cash/Short Term Investments,
- Total Fixed Assets,
- Total Borrowings,
- Trust Funds

A further form must be completed explaining any variances from last year to this.

Annual Return 2018/19

The 2018/19 Audit was completed by PFK Littlejohn advising;

“Except for the matters raised below on the basis of the review, in our opinion the information contained in the annual return is in accordance with the Audit Commission’s requirements and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met”

Matters raised were:

“The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year’s AGAR;

Information received from the smaller authority indicates that a transfer of £1,000,000 to a long-term investment account was omitted from expenditure in Box 6. On acquisition, long term investments should be recorded in the cash book as expenditure and therefore appear as part of the total in box 6. The figures in boxes 6 and 7 should read £2,163,001 and £4,854,350 respectively.

Other matters:

We note that the smaller authority did not comply with Regulation 15 of the Accounts & Audit Regulations 2015 and failed to make proper provision during the year 2019/20 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer `no` to the assertion 4 of the Annual Governance Statement for 2019/20 and ensure it makes proper provision for the exercise of public rights during 2020/21”.

The dates for the period for the exercise of public rights in respect of the 2019/20 Unaudited Annual Governance & Accountability Return has been set from Monday 29th June to Friday 7th August 2020 (a period of 30 working days). Once signed off tonight the Return will be published and made available on the Council website.

Annual Return 2019/20

The Finance Officer has again also prepared a “simplified” Final Accounts document bringing together all relevant information for the Councils financial systems to support the Annual Return. This comprises:

• Explanatory Foreword	Page 1
• Council Information	Page 2
• Principal Activities, Review of 2019/20 and Looking ahead to 2020/21	Pages 3-6
• Finance Officer's Certificate	Page 7-8
• Income & Expenditure Account	Page 9
• Balance Sheet	Page 10
• Statement of Accounting Policies	Pages 11-15
• Notes to the Accounts	Pages 16-20
• Bank Account Analysis	Page 21

Probably the most important pages to members are the Income & Expenditure Account (on page 9) and the Balance Sheet (page 10).

As can be seen the Council has total Reserves as at 31st March 2020 of **£2,233,402** comprising **£889,629** in Earmarked Reserves and **£1,343,773** in General Reserves, plus the Capital Receipt Reserve of **£3,590,169**.

As a reminder at the January Budget meeting the Council resolved;

- To adopt the policy that the minimum limit for reserves and balances going forward be at £1.7m to £2m;

Summary

The Council is asked to adopt the Final Accounts as a correct record and confirm the accuracy of the Annual Return which must be signed by the Mayor, **the accounts must be adopted and submitted to the Councils Auditors, PKF Littlejohn LLP by 31st July 2020** if practical given the current pandemic.

TC/3888/20

R A Dyke
Finance Officer
1st May 2020