

## Oswestry Town Council

Report from the Responsible Finance Officer and the Town Clerk to  
Council - Wednesday 24<sup>th</sup> June 2020

### Oswestry Town Council – Statement of Annual Governance 2019/20

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#### Purpose

To receive and adopt the Council's Corporate Governance Statement for 2019/20. This is a statutory return and accompanies the Statement of Accounts but must be minuted and considered separately.

#### Introduction

#### Annual Governance Statement

The Annual Governance Statement requires the Council to consider 9 statements and make either positive or negative assertions (yes or no). This is made with respect to the Accounting Statements for the year ended 31<sup>st</sup> March 2020. The Statement is attached to this report. Acknowledging the above, the Council confirm to the best of their knowledge and belief;

**The Council confirms an “affirmative” response to points 1-9 on Section 1, page 4 of the Annual Return (Annual Governance & Accountability Return Statement 2019/20) as outlined above.**

#### Scope of Responsibility

Oswestry Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Oswestry Town Council also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Oswestry Town Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of the Councils functions and which include arrangements for the management of risk.

## The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and cultures and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate cost-effective services.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance statement has been in place at Oswestry Town Council for the year ended 31<sup>st</sup> March 2020 and up to the date of approval of the annual report and accounts.

## The Framework

The key elements of the systems and processes that comprise the Town Councils governance arrangements are outlined in this report below and includes identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users through newsletters.

## Vision

The Councils vision is:

**To provide leadership, promote community and economic wellbeing and to offer a high standard of services, events and activities for residents, businesses and visitors in Oswestry.**

## Priorities

The current Council enters its final year ahead of the elections in May 2021. Whilst the pandemic and restrictions will have an impact on what can be achieved, the Council's focus will be on the following issues:

- The economic well-being of the town in the short and long term. Encouraging safe and confident movement in the town, securing inward investment to tackle longstanding issues and having in place investible plans and projects;
- Delivering on the Council's commitment to be carbon neutral by 2030 and associated projects. These include electric vehicle charging points, considering solar panels on the Powis Market Hall and a full carbon audit;
- Delivery of the capital programme and utilising the Smithfield Capital Receipt;
- Implementing the plans, the Council has on youth provision in the town;
- Identifying necessary savings following the financial impact to the Council of the pandemic. Embedding the organisational structure, reviewing all policies, procedures, rules and regulations and contracts.

## Established Actions

The Council's vision is annually reviewed through either the Finance & General Purposes Committee or at its Budget & Policy Seminar held in November each year.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources.

Regular financial updates to all Committees.

The Council also has adopted Standing Orders (revised last year) and Financial Regulations (revised this year) by which to adhere to.

The Council has a Constitution which allocates power and responsibility within the Council. The Council approves the policy framework and budget and makes decisions within this policy framework and has adopted a scheme of delegation to officers and committees. The four Committees are Finance & General Purposes, Amenities, Development & Planning and Markets & Town Centre. All meetings are open to the public except where personal or confidential matters are being disclosed.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.

The Council has a Finance & General Purposes Committee which among its functions, promotes and maintains high standards of conduct by Councillors, monitors the operation of the Members Code of Conduct and overviews internal and external audit. The Council has externalised its internal audit functions to Shropshire Council. The Council also maintains close links with the Monitoring Officer at Shropshire Council who provides detailed information on the Code of Conduct which is passed on regularly to members. In-house training has been provided on the Code of Conduct.

The Council's Town Clerk, together with the Monitoring Officer of Shropshire Council, advises management and Councillors on new legislation and compliance with the Council's Constitution.

The Town Clerk will report to full Council if he considers any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

Furthermore, all Councillors are issued with a Member's Handbook and all staff with a Contract of Employment which outlines expected standards of behaviour.

The Council has established an Audit, Procurement and Performance Panel.

The Council has a nominated responsible Finance Officer in compliance with S151 of the Local Government Act 1972. The system of internal financial control is based on a framework of regular management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by The Town Clerk, Finance Officer and Operations Manager as senior officers of the Council. The system is overseen totally independently by the Internal Audit Department, Shropshire Council.

In particular the system includes;

- Comprehensive budgeting systems
- The preparation of regular financial reports and management information, which indicates actual expenditure against estimated.
- Regular reviews of periodic and annual financial reports.
- Internal Audit is undertaken totally independently by the Internal Auditor, Shropshire Council. Internal Audit takes place throughout the year with regular reports provided. Overview of internal audit is one of the tasks of the Council's Finance & General Purposes Committee and an Audit Panel set up in February 2005.
- A detailed document on all aspects of the Council's Management Procedures has been prepared, the document was most recently updated and adopted by Council in June 2017 (TC/3349/17) and is currently being reviewed and updated following changes to the establishment and will be placed before Council for adoption shortly.
- Internal audit has terms of reference, which have full regard to the CIPFA Code of Practice for Internal Audit in Local Government.
- The system of internal financial control can provide reasonable assurance that assets are safeguarded, transactions are properly authorised and recorded, and material errors or irregularities are either prevented or would be detected within a timely period.
- Performance Management.

The Council has a performance management framework that regularly reports on key targets and indicators to the relevant Committee.

- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Town Clerk and Finance & General Purposes Committee are tasked with ensuring compliance with relevant laws, internal policies and procedures and that expenditure is lawful.

- Whistle blowing and for receiving and investigating complaints from the public.

The Council has a complaints procedure policy by which all complaints are dealt with. Complaint forms are held on Reception or can be emailed to the Town Council. The Council also has an adopted whistle blowing policy. Both policies require review.

- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training is undertaken on an on-going basis by The Town Clerk in discussion with Members, staff and Council Committees.
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council attempts to be as communicative as possible with its electorate and other stakeholders by way of holding open sessions for a 15-minute period before all Council and Committee meetings, regular website updating with email access, plus a periodic postal consultation exercise. Furthermore, agenda and minutes are posted on the Council's website and delivered to local press and library.

## Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its corporate governance including the system of internal control. The review is informed by the work of the internal auditors and the senior officers within the authority who have a responsibility for the development of the internal control environment and also by comments made by the external auditors and other review agencies and inspectorates. The review is undertaken annually at its June Finance & General Purposes Committee meeting when the Final Accounts and Corporate Governance Statement are adopted.

PFK Littlejohn has published its report on the 2018/19 audit. The audit covered financial standing, systems of internal financial control, standards of financial conduct and prevention and detection of fraud and corruption, legality of transaction and accounts.

Matters raised were:

“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”.

## Senior Officer Statements

I, Arren Roberts, being employed as Town Clerk for Oswestry Town Council hereby confirm my satisfaction with regard to those areas of Oswestry Town Councils administration for which I am responsible and have no matters of concern to raise other than those highlighted above.

Signed \_\_\_\_\_ **David Arren Lloyd Roberts**

I, Roger Antony Dyke, being employed as Finance Officer for Oswestry Town Council hereby confirm my satisfaction with regard to those areas of Oswestry Town Councils administration for which I am responsible and have no matters of concern to raise other than those highlighted above.

Signed \_\_\_\_\_ **Roger Antony Dyke**

## Governance Issues

No major actions were necessary during the year ended 31<sup>st</sup> March 2020 to make corrections to the system of governance issues as only minor weaknesses were identified by internal and external audit. PKF Littlejohn identified one weakness and one failure in their report on the 2018/19 financial year. Internal Audit (Shropshire Council) identified a number of weaknesses in their 2019/20 audit which are being addressed.

We propose over the coming year to take steps to address the any matters brought to our attention by Internal and External Auditors to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

In approving and adopting this Statement, the Committee confirm the effectiveness of its system of internal control in order to comply with the Accounts & Audit Regulations 2015.

Arren Roberts,  
Town Clerk

Councillor Duncan Kerr  
Mayor of the Town of Oswestry 2020/21

Approved and adopted by Finance & General Purposes Committee

24<sup>th</sup> June 2020 (FGP/02/20 Minute )