**THE ANNUAL GOVERNANCE & ACCOUNTABILITY RETURN (AGAR)**

**A STEP-BY-STEP GUIDE to supplement the guidance given on pages 1 and 2 of the form.**

**Income or expenditure less than £25,000?**

**Complete AGAR 2019/20 Part 2**

**STEP 1 Internal Audit**

Council should appoint an independent and competent internal auditor who will assess the compliance with relevant procedures and controls during the financial year (this can be done at any time from October onwards). The internal auditor will assess compliance against objectives A – L in the Annual Internal Audit Report 2019/20, on page 3 of the AGAR, using evidence provided by the council.

Council should note the Annual Internal Audit Report (AIAR) before approving the annual governance statement (section 1) and before approving the accounts (section 2 - this should be done at the same meeting) of the AGAR. If the internal auditor puts No to any of the statements in the AIAR, the auditor must state the implications and recommend actions being taken to address the issue.

**STEP 2 Completing the Annual Governance Statement (section 1)**

The Annual Governance Statement (section 1) must be approved before the Accounting Statements (section 2) and the minute should reflect this, ie approve section 1 and then approve section 2, so two different minute references. If council has to put a No for any of the statements, an explanation should be published. This is not a tick-box exercise and council must reflect on each statement.

**STEP 3 Completing the Accounting Statements (section 2)**

This must be prepared by the RFO and presented to council for approval after the Annual Governance Statement (section 1) has been approved, with a separate minute number.

**Box 1** for 31/3/20 must be the same as Box 7 for 31/3/19.

**Box 2** must only include the precept received and not include the support grant, if still received.

**Box 3** must include the total receipts, including any grants, but without the precept amount (see box 2)

**Box 4** includes expenditure on salaries for all staff, PAYE and NI payments, pension contributions and any employment expenses

**Box 5** includes any repayments made on any loans, including interest, if you have one. Otherwise put 0.

**Box 6** total amount of any expenditure, less staff costs (box 4) and loan repayments (box 5)

**Box 7** this amount should be the total of boxes 1, 2 and 3 less amounts in boxes 4, 5 and 6.

**Box 8** this amount will include the sums held in the council bank account(s) plus any amounts held on investment.

**Box 9** includes the total of any fixed assets owned by the council and any long-term investments

**Box 10** includes any outstanding capital balances at the end of the financial year of loans held by the council, including Public Works Loan Board (PWLB).

**STEP 4 Certificate of Exemption**

Council ‘certifies that during the financial year 2019/20, the higher of the authority’s gross income for the year or gross annual expenditure for the year did not exceed £25,000’. Use these words in the agenda item. Council then completes the Certificate of Exemption on page 3 of the AGAR and it is signed by the RFO and Chairman before being scanned and emailed, or posted (not both), to the External Auditor PKF Littlejohn (sba@pkf-littlejohn.com).

**STEP 5** Once council has note the AIAR and approved sections 1 and 2, these must all be published on the website together with the Certificate of Exemption, an analysis of variances and a bank reconciliation. They do not need to be sent to PKF Littlejohn.

**THIS MUST BE DONE BY 31 JULY 2020.**

**STEP 6 Notice of Public Rights and Publication of AGAR**

The notice of public rights must be posted on noticeboards and on the website and should cover a period of 30 working days (excluding weekends and bank holidays) starting on or before the 1st September 2020 (so no later than 1st September).

**Please make sure that you have informed PKF Littlejohn of any change to the clerk/RFO details with relevant email and phone number.**

**Income or expenditure over £25,000?**

**Complete AGAR 2019/20 Part 3**

**STEP 1 Internal Audit**

Council should appoint an independent and competent internal auditor who will assess the compliance with relevant procedures and controls during the financial year. The internal auditor will assess compliance against objectives A – L in the Annual Internal Audit Report (AIAR) 2019/20 on page 3 using evidence provided by the council.

Council should note the Annual Internal Audit Report before approving the annual governance statement and before approving the accounts (this should be done at the same meeting) of the AGAR. If the internal auditor puts No to any of the statements in the AIAR, the auditor must state the implications and action being taken to address the issue.

**STEP 2 Completing the Annual Governance Statement (section 1)**

The Annual Governance Statement (section 1) must be approved before the Accounting Statements (section 2) and the minute should reflect this, ie approve section 1 and then approve section 2, so two different minute references. If council has to put a No for any of the statements, an explanation should be published. This is not a tick-box exercise and council must reflect on each statement.

**STEP 3 Completing the Accounting Statements (section 2)**

This must be prepared by the RFO and presented to council for approval after the Annual Governance Statement (section 1) has been approved, with a separate minute number.

**Box 1** for 31/3/20 must be the same as Box 7 for 31/3/19.

**Box 2** must only include the precept received and not include the support grant, if still received.

**Box 3** must include the total receipts, including any grants, but without the precept amount (see box 2)

**Box 4** includes expenditure on salaries for all staff, PAYE and NI payments, pension contributions and any employment expenses

**Box 5** include any repayments made on any loans, including interest, if you have one. Otherwise put 0.

**Box 6** total amount of any expenditure, less staff costs (box 4) and loan repayments (box 5)

**Box 7** this amount should be the total of boxes 1, 2 and 3 less amounts in boxes 4, 5 and 6.

**Box 8** this amount will include the sums held in the council bank account(s) plus any amounts held on investment

**Box 9** includes the total of any fixed assets owned by the council and any long-term investments

**Box 10** includes any outstanding capital balances at the end of the financial year of loans held by the council, including Public Works Loan Board (PWLB).

**STEP 4** Once council has note the AIAR, approved sections 1 and 2, these must all be published on the website with an analysis of variances and a bank reconciliation. The AGAR should be emailed or posted (not both) to PKF Littlejohn, the External Auditor.

In addition, the following should be submitted with the AGAR:

A bank reconciliation as at 31 March 2020

An explanation of any significant year-on-year variances in the accounting statements

A copy of the notification of the commencement date of the period for the exercise of public rights

**THIS MUST BE DONE BY 31 JULY 2020.**

**STEP 5 Notice of Public Rights and Publication of AGAR and Declaration that the accounting statements are as yet unaudited**

Before 1 September 2020, council must publish the AGAR, the notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited (see below).

The above two documents must be posted on noticeboards and on the website and should cover a period of 30 working days (excluding weekends and bank holidays) starting on or before the 1st September 2020 (so no later than 1st September).

**STEP 6 Publication of conclusion of audit**

By 30 November, council must publish the Notice of conclusion of audit, the External Auditor’s (PKF Littlejohn) report and certificate and sections 1 and 2 of the AGAR, if they have been amended as a result of the external audit

**Please make sure that you have informed PKF Littlejohn of any change to the clerk/RFO details with relevant email and phone number.**