
URGENT PLEASE DO NOT IGNORE

Dear Colleagues,

We have been notified of some early serious failures by some authorities to comply with the law in relation to the submission of 2018/19 Annual Governance and Accountability Returns. Please read the communication below and ensure your authority is complying with the law. Failure to comply with the law will lead to extra costs for your authority.

Failure to Read Instructions

We have been informed by auditors that some authorities are continuing to ignore their instructions and those on the Annual Governance and Accountability Return (AGAR).

The flowcharts and the instructions in the AGAR are there to make the completion of the return as simple as possible. The return **must be completed by law** and is an essential part of demonstrating transparency and accountability for the public funds managed by authorities.

Last year the failure of some authorities to read instructions resulted in over 1200 authorities failing to submit a return by the statutory deadline of 30 June. Furthermore, at the statutory publication date of 30 September 2018, 315 authorities had still not submitted a return to the auditors.

The consequences of these failures to comply with the law resulted in an increase in costs for authorities, public interest reports being issued and the non-compliant authorities being reported to MHCLG.

The 2018/19 AGAR has now been sent to all authorities for completion. As reported by the auditors, authorities are still not reading the instructions for example, they have received AGAR Part 1, from clerks/RFOs before the year end (31 March 2019). This represents a serious failure to comply with the law.

The return must be approved and by authorities after the year end (31 March 2019) and NOT BEFORE and be duly minuted and signed by the chair and the clerk/RFO (in the correct order).

Exempt Authorities

In addition to the above breach of the law a number of exempt authorities have emailed auditors believing because the exempted themselves last year they no longer have to submit an exemption certificate. Again, this represents a serious failure to comply with the law and a failure to read clear instructions.

Exempt authorities MUST complete the AGAR and a certificate of exemption each financial year.

A failure to comply will rightly result in auditors chasing non-compliant authorities. Each reminder letter will cost £40 plus Vat. If reminder letters are ignored this is highly likely to result in the issuing of a public interest report (PIR) by the auditor, at a further cost of £200 plus VAT. If a PIR is issued this year the authority MUST have a Limited Assurance Review next year and cannot claim exemption, at a further cost of at least £200 plus VAT.

There is therefore a total potential cost of £480 plus VAT for those exempt authorities failing to comply with the law and to read instructions.

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Submitting the AGAR to auditors

AGARs must be submitted by email, the preferred method, or by post **NOT BOTH**. If authorities do send the return by post and email, contrary to instructions, auditors have the right pass the cost of undertaking additional work to the authority.

I am sorry to have to write this communication but statutory requirements must be met.

It is the responsibility of all councillors to ensure their authority complies with the law. Ignorance is not a defence.

It is very disappointing that in this the second year of the new regime these failings have arisen again.

All of the above failures and unnecessary additional costs can easily be avoided by reading the instructions and complying.

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Chairman – Smaller Authorities' Audit Appointments Limited