

Annual Governance and Accountability Return 2024/25 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2024/25

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **Annual Internal Audit Report** **must** be completed by the authority's internal auditor.
 - **Sections 1 and 2** **must** be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2025**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2025**. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2025
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2024/25

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2025 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2024/25**, approved and signed, page 4
- **Section 2 - Accounting Statements 2024/25**, approved and signed, page 5

Not later than 30 September 2025 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review. It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2024/25

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty) and is properly signed and dated. Any amendments must be approved by the authority and properly initialised.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2025.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chair, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the bank reconciliation is incomplete or variances not **fully** explained then additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2024) equals the balance brought forward in the current year (Box 1 of 2025).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2025**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Section 1	For any statement to which the response is 'no', has an explanation been published?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Section 2	Has the Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chair of the approval meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has an explanation of significant variations been published where required?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has the bank reconciliation as at 31 March 2025 been reconciled to Box 8?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has an explanation of any difference between Box 7 and Box 8 been provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

***Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices**, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2024/25

ENTER Yeovil Town Council AUTHORITY

www.yeovil.gov.uk ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2025, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2024/25 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, 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.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.		✓	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		✓	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.		✓	
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.		✓	
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.		✓	
K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).		✓	
N. The authority has complied with the publication requirements for 2023/24 AGAR (see AGAR Page 1 Guidance Notes).		✓	
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

* See Attached Sheet

Date(s) internal audit undertaken 2024/25

Name of person who carried out the internal audit

COMMITTEE COMMITTEE COMMITTEE

Mrs R Darkin-Miller LLB(Hons) BFP FCA

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

30/06/2025

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Dates internal audit undertaken:

05/11/2024	06/12/2024	16/12/2024	31/01/2025	11/02/2025	21/02/2025
10/03/2025	13/03/2025	18/03/2025	24/06/2025	26/06/2025	

During 2024/25 the Council took on the running of a number of large leisure and recreation facilities following the devolution of those services from Somerset Council. The impact on the Council's daily operations was significant: the Council's budget nearly doubled from 2023/24, and will increase further when all operations are fully devolved. Data shows that the number of accounts payable transactions increased from an average of 68.5 to 283.3, with the average monthly value increasing from £37k to £237k. The establishment head count went from 13 to 44 (for permanent salaried staff), which increases up to around 180 when zero hour staff wages are included.

Whilst the Council anticipated the need for an increased number of finance staff to manage the increased volume and value of transactions, the initial addition of 2 full time staff to the original part time employee proved insufficient, especially following the long-term sickness absence of one member of the team. Prompt processing was also impacted by the move to a cloud-based system (to link the various operational sites), which forced the adoption of a different finance system. In addition, the promised timely transfer of card collection income from the devolved sites did not occur, leaving the Council receiving income in arrears and reliant on Somerset Council for reconciliation reports which were only partially provided. Whilst it is an unwanted side effect of devolution, this result is not unexpected given the scale of the changes undertaken by the Council in order to preserve valued services.

The Council recognised that additional staff are needed to process the backlog of transactions and allow for the various reconciliations to be carried out in a timely manner. To that end, it agreed to recruit 2 additional staff (equivalent to 1.5 FTE) and there has been a significant amount of work undertaken to bring the finance systems back up to date. This work continues into 25/26. This should also help to ensure that the adverse impact on the financial controls is limited to the 24/25 financial year.

Internal Auditor note on test A: Bookkeeping

I checked to see that the cashbook was maintained and up to date. I found that, due to the significant increase in work and changes to the finance system following the Council taken on various large services from Somerset Council under devolution, the Council appeared to be up to date during the year on day to day transactions (such as the payment of staff and suppliers), but that there remained an unreconciled balance of £12k on the suspense account following the transfer of prior period data from the old Sage system to the new one. In addition, the Council did not reconcile the cashbook during the year, meaning that the bookkeeping was not up to date. As a result, I have responded 'no'.

Internal Auditor note on test D: Budgetary Control

I checked to see that actual expenditure against the budget is regularly reported to the Council. I found that due both to the increase in workload resulting from the Council taking on significant services from Somerset Council and the absence of one of the finance team at this critical time, the Council was behind in processing payments and receipts and carrying out month-end reconciliations on the finance system during the year. This increased the risk that budget monitoring reports did not include all income and expenditure, which rendered them less effective. As a result, I have responded 'no'.

Internal Auditor note on test E: Income

The Council significantly expanded its operations during the year when it took over the running of a number of devolved services from Somerset Council. This increased non-precept income from £123k to £2.4m. Whilst the systems in operation at the services were reasonably well established, there was a delay to the transfer of cash and card income from Somerset Council to Yeovil Town Council and a lack of supporting documentation to confirm which balances were included within transfers of later monies which have made it impossible for the Town Council to fully reconcile the income received to that due. Robust debt management was hindered by the delays in coding up bank receipts, meaning that the Council has 17% of year-end debt which is over 120 days old. The Council has carried out significant work to bring its ledgers up to debt and has put in place a debt management policy which should see the issues with income collection limited to one financial year. But as a result of the impact on systems for 24/25, I have responded 'no' to this test.

Internal Auditor note on test I: Periodic Bank Reconciliations

The Council was unable to complete monthly bank reconciliations in a timely manner during the year thanks to the increase in volume of transactions and a lack of reconciliation reports following the devolution of services from Somerset Council. Whilst most of the accounts have been fully reconciled at the year-end, there remains a £2k unexplained difference on the Council's current account as between the bank statement and cashbook values. As a result, I have responded 'no' to this test.

Internal Auditor note on test J: Year End Accounting Statements

I checked to see that the accounts were prepared on the correct basis and agreed to underlying records. I found that the correct basis was used, but that the Council's balance sheet accounts had not been fully reconciled by the time that the final figures were drawn up. I found that there were differences on the aged creditor report as compared to the finance system and that there remained differences between amounts due and paid on the payroll control accounts. There was also a suspense account balance of £12k remaining from when the Council was forced to change finance system in the year following a change to the IT system during the transfer of services as part of devolution. This is still to be reconciled.

Following on from issues noted above with bank reconciliations, I was unable to fully agree the year-end bank balances back to supporting statements or reconciliations, with a £2k balance unreconciled on the Council's main current account at 31/03/25.

I noted that considerable work has been undertaken by the Clerk, Deputy RFO and the Finance team in order to resolve the remaining reconciliation errors. Whilst the accounts appear not to be materially misstated given the values involved, the fact that I was unable to fully reconcile the balance sheet and bank accounts means that I have responded 'no' to this test.

Internal Auditor note on test M: Public Rights

I checked to see that the authority provided the proper opportunity for the exercise of public rights as per the Accounts and Audit Regulations 2015. I found that the figures for the Yeovil Crematorium and Cemetery were provided late, which meant that the Council was unable to meet both the statutory deadline of 30/06/24 for the approval of its consolidated accounts, and the requirements of the public rights rules which included making the accounts available for the first ten working days in July. As a result, I have responded 'no' to this test.

Internal Auditor note on test N: Publication

I checked to see that the Council complied with the publication requirements for the previous year's Annual Governance and Accountability Return (AGAR). The Council had to publish before 01/07/24

(the start of the statutory 10 working day public rights period) ss1&2 of the AGAR, and the public rights notice including a declaration that the accounting statements were unaudited.

On or before 4 the Council was required to publish the notice of conclusion of audit, and ss1-3 of the AGAR (including the completed external audit report).

I found that the Council complied fully with the requirements to publish the notice of conclusion and ss1-3 of the audited AGAR, but that it was unable to comply with the publication requirements for the public rights period as a delay to receipt of the consolidation figures meant that the statutory accounts were not approved until 16/07/24. Consequently I have responded 'no' to this test.

A handwritten signature in dark ink, consisting of a series of loops and a final horizontal stroke.

R Darkin-Miller LLB (Hons) BFP FCA 30/06/2025

Section 1 – Annual Governance Statement 2024/25

We acknowledge as the members of:

Yeovil Town Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2025, that:

	Agreed		'Yes' means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.		✓	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.		✓	during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

***Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

30/06/2025

and recorded as minute reference:

11/264(a)

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

Clerk

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Section 2 – Accounting Statements 2024/25 for

Yeovil Town Council

	Year ending		Notes and guidance
	31 March 2024 £	31 March 2025 £	
1. Balances brought forward	1,496,629	1,736,440	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	1,335,693	2,537,412	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	200,378	2,466,038	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	384,435	1,763,005	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	911,825	2,511,442	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	1,736,440	2,465,442	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	1,783,469	3,308,969	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	1,587,638	1,587,637	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)		✓		The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)			✓	The figures in the accounting statements above exclude any Trust transactions.

I certify that for the year ended 31 March 2025 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

Signature: 
Date: 20/06/2025

I confirm that these Accounting Statements were approved by this authority on this date:

30/06/2025

as recorded in minute reference:

11/264(b)

Signed by Chair of the meeting where the Accounting Statements were approved

Signature: 

Section 3 – External Auditor’s Report and Certificate 2024/25

In respect of

Yeovil Town Council
ENTER NAME OF AUTHORITY

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02 as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/> .

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2025; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2024/25

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2024/25

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2025.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YYYY