

3 FEBRUARY 2022

JOINT PRACTITIONERS' ADVISORY GROUP | NOTES

The Joint Panel on Accountability and Governance (JPAG) met on 3 February 2022. It is responsible for issuing proper practices about the governance and accounts of smaller authorities. Its membership consists of sector representatives from the Association of Drainage Authorities, the National Association of Local Councils, and the Society of Local Council Clerks. Together with stakeholder partners representing the Department for Levelling Up, Housing & Communities; the Department of Environment, Food and Rural Affairs; the Chartered Institute of Public Finance and Accountancy; the National Audit Office and a representative from the external audit firms.

JPAG appointed a NALC representative, Derek Kemp as its new chair from its next meeting in June and thanked Phil Camamile of ADA for his contribution as outgoing chair. It also welcomed the new SLCC representative, Alan Mellor and thanked his predecessor, Crispin Taylor.

JPAG agreed some changes to the Practitioner's Guide to deal with the fixed assets, accounting for reimbursements and credit card balances, set out in the annex below. Subject to any views received these will be included in the 2022 guide. It also considered the first draft of a revised part 5, prepared by the Internal Auditors' Forum, which is currently being consulted upon with stakeholders. Subject to views received it was hoped to include the revision in this year's guide, to be published by the end of March.

Smaller Authorities' Audit Appointments (SAAA) updated JPAG that audit fees for limited assurance reviews would increase by 5% from 22/23 – 26/27. JPAG noted that this increase was the first for many years and congratulated SAAA on restricting the increase to a relatively small amount. JPAG agreed amendments to the Annual Governance and Accountability Return which would see the current "parts" renamed as "forms". It also noted, and supported, SAAA ambitions to move to a digital platform for the AGAR returns over the next few years, subject to legal advice and stakeholder agreement.

JPAG also took the opportunity to flag up with Department of Levelling Up, Housing and Communities (DLUHC) colleagues the need to encourage smaller authorities to submit their AGARs within the timescales required, the difficulties of securing responses from parish meetings, to consider how best to deal with new inactive authorities and to consider arrangements around the threshold – currently £6.5m - at which smaller authorities entered the full audit regime.

JPAG also agreed to hold its next meeting face to face and to use that as an opportunity to consider its future development.

Smaller authorities are reminded that if they have any comments or questions on the Practitioners' Guide, to email JPAG at jpagchair@wlma.org.uk.

Annex

Proposed changes to Practitioners' Guide 2022:

1. Fixed assets

Queries had been raised by objector on changes in accounting policy re asset registers implemented in May. Especially around use of comparable data from previous years. This para needs review to ensure clarity and flexibility.

JPAG recommended revision – delete the phrase “during a financial year” and amend PG to read “where an authority changes its method of asset valuation it will need to restate the prior year’s figure in line 9 of the AGAR.

2. Accounting for reimbursements

“The Practitioners Guide (Sections 1 to 3) does not currently record the Proper Practice treatment for “netting off” requirements. We would recommend that a clear resolution and decision is taken by JPAG on this issue to be included in Proper Practice within the Practitioners Guide (Sections 1 to 3).”

JPAG recommended revision:

“Treatment of amounts refunded/reimbursed

Receipts and Payments Reporting

Refund/reimbursement of amounts paid or received must always be reported gross in R & P reporting in the AGAR.

Income and Expenditure Reporting

Refund/reimbursement of amounts paid or received should only be reported net where the refund is paid to/received from the original payee/payer.

Refunds/reimbursements from third parties (e.g., insurance providers) should never be netted off but always reported gross.”

3. Credit card balances

There had been some representations that it was unclear whether these should be considered as part of a bank balance or regarded as a creditor as part of a reconciling item.

JPAG agreed that credit card balances should be treated as creditors and as such should remain as a reconciling item between boxes 7 and 8. this should be clarified in an amendment to part 2 under the cash and balances line.

Amended para 2.22 “Users of proprietary accounting software may choose to account for credit card transactions through a cashbook mechanism. Notwithstanding such arrangements, amounts owing on Credit Cards must not be included within Line 8 but are to be treated as creditors and thus included within the reconciliation between Lines 7 and 8 (see 2.25 below).”

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