

## Section 3 – External Auditor Report and Certificate 2017/18

In respect of

Stoke St Michael Parish Council SO0260

### 1 Respective responsibilities of the body and the auditor

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 2018; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

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Except for the matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR 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.

The smaller authority failed to approve the AGAR in time to publish it before 2 July 2018, the date required by the Accounts and Audit Regulations 2015, and did not disclose this by answering 'No' to Section 1, Box 1.

The smaller authority failed to publish the final signed AGAR by 30 September 2018, the date required by the Accounts and Audit Regulations 2015. This is as a result of the AGAR and additional documentation not being submitted for review until 25 March 2019.

We issued a Statutory Recommendation on 7 January 2019 as the AGAR and additional documentation had not been submitted by that date. Schedule 7 of the Act requires the smaller authority to consider this recommendation at a meeting to be held within one month of the date of this letter. At that meeting the smaller authority must decide whether the recommendation is to be accepted, and what, if any, action to take in response to it; and Publicity for the meeting must also be in accordance with Schedule 7 of the Act. The smaller authority provided a completed AGAR but must ensure all requirements are met. The smaller authority will be unable to claim exemption status next year even if their income and expenditure is below £25,000 as a result of the Schedule 7 recommendation being issued.

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

We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2018/19 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2018/19 and ensure that it makes proper provision for the exercise of public rights during 2019/20.

The internal auditor prepared the bank reconciliation, therefore the internal auditor is not independent of the financial decision making, management and control of the smaller authority and the smaller authority must disclose this by answering 'No' to Assertion 6 of the Annual Governance Statement on the 2018/19 AGAR. In future years, the smaller authority must maintain an independent system of internal audit of the accounting records and control systems.

The smaller authority has not provided an adequate explanation for the variance between the prior and current year values in Box 3 of Section 2.

### 3 External auditor certificate 2017/18

We 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 2018.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

10/05/2019

\* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))