

Section 3 – External Auditor Report and Certificate 2017/18

In respect of

HALE PARISH COUNCIL (CH0088)

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 AGAR was not accurately completed before submission for review. The smaller authority has not restated the 2016/17 figure when revaluing assets in Section 2, Box 9. Please note that the Practitioners' Guide allows smaller authorities to use any reasonable valuation method, provided that the prior year figure is restated for consistency and comparability.

The smaller authority has disclosed that it made proper provision during the year 2017/18 for the exercise of public rights, by answering 'Yes' to Section 1, Assertion 4. However, as was reported last year, we are aware that it failed to do this and therefore should have answered 'No' to this assertion.

The smaller authority failed to publish the final signed AGAR by 30 September 2018, the date required by the Accounts and Audit Regulations 2015, and did not disclose this by answering 'No' to Section 1, Box 1. This is as a result of the AGAR and additional documentation not being submitted for review until 1st November 2018 and the appointed auditor not having then completed the review by this date.

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 approval date was after the start of the period for the exercise of public rights, the period for the exercise of public rights was less than 30 consecutive working days in length and 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 smaller authority has confirmed that it has not complied with the governance assertions in Section 1, Boxes 3 and 7, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified.

In the completion of the Annual Internal Audit Report, the internal auditor has drawn attention to significant weaknesses in relation to PAYE records, the fixed asset register, accounting records and bank reconciliations. The smaller authority has already begun to address some of these issues but must ensure that action continues to be taken to address these areas of weakness in a timely manner.

The smaller authority has not provided:

- an adequate explanation for the variance between the prior and current year values in Box 4 of Section 2.
- third party confirmation of the loan balance at the year end.

The annual internal audit report focuses on ten internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority. We note that the internal auditor has not provided a conclusion on the following internal control objectives: D, I and J. The annual internal audit report will inform the authority's response to assertions 2 and 6 in the annual governance statement. As a result, the authority must ensure that assurance that has not been provided via these control objectives has been sought elsewhere.

The internal auditor is not independent of the financial decision making, management and control of the smaller authority. The figures for Section 2 of the AGAR and supporting schedules (including the bank reconciliations) were prepared by the internal auditor and he has provided the answers to our queries on the figures. 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.

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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

15/01/2018

* 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)