

Section 3 – External Auditor Report and Certificate 2018/19

In respect of

HINDERCLAY PARISH COUNCIL – SF0199

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 2019; 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 has disclosed that it made proper provision during the year 2018/19 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. It has also disclosed that it took appropriate action on all matters raised in reports from internal and external audit, by answering 'Yes' to Section 1, Assertion 7, which, on the basis of the above, is not correct.

The AGAR was not accurately completed before submission for review:

- It has come to our attention that contractor costs of £530 have been incorrectly included in the prior year figure in Section 2, Box 4 rather than Box 6. The figures in the prior year column of Section 2, Boxes 4 and 6 should read £1,795 and £2,637 respectively.

The smaller authority has not addressed the 'except for' matter raised by the external auditor when qualifying the 2016/17 and 2017/18 submissions as there is still no monitoring of the budget process in place, as confirmed by the internal auditor. As a result of this, and other weaknesses reported by the internal auditor, AGS Assertion 1 should have been ticked 'No'. It is also unclear on what basis the smaller authority answered 'Yes' to AGS Assertion 2 as the internal auditor has reported that there has been no review of internal controls during the year.

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

In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to significant weaknesses in relation to the following areas: there is no evidence of the review and adoption of financial regulations, standing orders or internal controls; the insurance policy may not cover all of the fixed assets owned by the smaller authority; there is no evidence that the smaller authority has considered the findings of the previous internal audit; there is no evidence that a budget was prepared in support of the precept request; and there is no evidence that the budget has been monitored throughout the year. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

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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 2019.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF LITTLEJOHN LLP

Date

18/09/2019

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2018/19 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)