

Section 3 – External Auditor Report and Certificate 2019/20

In respect of

New Waltham Parish Council – HU0166

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 2020; 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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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 2019/20 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 smaller authority has not addressed the 'except for' matters raised by the external auditor when qualifying the prior year annual return:

- Section 2, Box 2, in the prior year column, the annual precept, does not agree to the figure published by the precepting authority in 2018/19. All grants, including Council Tax Support Grant, should be shown in Box 3, as per the guidance notes on the AGAR. Section 2 Box 2 of the prior year should be £36,436 with the CTS amount of £3,085 added to Box 3 for that year.
- The bank reconciliation provided by the smaller authority at 31 March 2019 indicates that £200 of petty cash had been incorrectly excluded from the closing reconciled cash balance (and presumably from the opening balance but this is not clear). In addition, unrepresented cheques amounting to £1,630 had been omitted from expenditure recorded in Section 2, hence Section 2 Box 6 was understated for this and Box 7 of the prior year was overstated.
- Information received from the internal auditor indicated that unquantified transfers between bank accounts had been included within the income and expenditure figures in the AGAR when they should have been netted off against each other. Section 2 Boxes 3 and 6 were therefore overstated by the amount of the transfers.
- Section 2 Box 8 of the prior year figures has been incorrectly restated in the current year to agree to the bank statement balance rather than the reconciled bank balance. All other figures stated for 2018/19 remain uncorrected for the matters reported in our 2018/19 report.
- From the information we have received we believe Section 2 Boxes 2 and 8 for the prior year should be £36,436 and £4,456, respectively but we have no confidence over the accuracy of the other prior year figures in the AGAR.

On the basis of the information above, the opening balance for 2019/20 should be £4,456 but it is not clear whether the figures for 2019/20 include transfers between accounts or take account of unrepresented cheque payments made in the year. In light of this we have no confidence in the current year figures in the AGAR. The smaller authority should ensure that the closing position is reconciled to ensure transfers are excluded from receipts and payments, payments made by cheque but where the cheque has not cleared by the year end are reflected in the expenditure for the year and the petty cash balance is included in the opening and closing balances.

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

The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment.

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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 2020.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

13/10/2020

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2019/20 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)