

Final External Auditor Report and Certificate 2017/18 in respect of Lowdham Parish Council – NT0113

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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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On 28/09/18 we issued a report detailing the results of our limited assurance review of Sections 1 and 2 of this authority's Annual Governance & Accountability Return for the year ended 31 March 2018. We explained that we were unable to certify completion of the review at that time. We are now in a position to certify completion of the review.

The external auditor report given in Section 3 of the Annual Governance & Accountability Return requires amendments as follows:

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 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. 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 has not been approved in accordance with the Accounts and Audit Regulations 2015:

- Section 2 was signed by the Responsible Finance Officer; however, it has not been dated and so we are unable to determine whether it was signed before approval.

The AGAR was not accurately completed before submission for review:

- The smaller authority has not addressed the 'except for' matter raised by the external auditor when qualifying the prior year annual return. The smaller authority has not restated the 2016/17 figures in Section 2, Boxes 2, 3 and 10 which should read £66,285, £73,346 and £18,084 respectively.
- Section 2, Box 10 is inconsistent with the balance published by the Public Works Loan Board. The figure in Box 10 should read £14,362. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR.

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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. 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 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 internal control objective H, fixed assets. 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 smaller authority has not provided:

- an adequate explanation for the variances between the prior and current year values in Boxes 3 and 6 of Section 2.
- an adequate explanation for the difference between Section 2, Boxes 7 and 8. The smaller authority prepared its accounts on a receipts and payments basis in the prior year. Because we have not received an explanation for the difference between Boxes 7 and 8, we have been unable to tell whether the accounts have continued to be prepared on a receipts and payments basis for the current year. If there has been a change in the basis of preparation of the accounts in the current year, then the prior year figures should have been restated on the same basis for consistency and comparability. If the accounts are prepared on the receipts and payments basis then the figure in Section 2, Box 8 should be the reconciled cash book figure and not the balance per the bank statements, and in this case the figures in Boxes 7 and 8 should be the same.

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We certify that we have completed our review of Sections 1 and 2 of the Annual Governance & Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2018.

PKF Littlejohn LLP

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4/12/2018