

## Section 3 – External Auditor Report and Certificate 2019/20

In respect of **Horrabridge Parish Council – DV0192**

### 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.

### 2 External auditor report 2019/20

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 AGAR was not accurately completed before submission for review.:

- The smaller authority has not restated the 2018/19 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 annual internal audit report focuses on a series of 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 positive conclusion on the following internal control objectives: B/C/H/I and has provided an explanation in their detailed report. 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. As a result of the issues raised in the detailed report, we would have expected Assertions 2 and 3 of the Annual Governance Statement to be answered 'No'; however, only Assertion 3 was answered 'No'.

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 a number of significant weaknesses in relation to financial control and governance e.g. Financial Regulations not always adhered to as some expenditure was not formally approved or lawfully approved, a reserves policy needs to be introduced, inadequate risk assessment documentation and unsigned bank reconciliations. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner; we note that some recommendations have already been implemented.

The smaller authority has confirmed that it has not complied with the governance assertion in Section 1, Box 3, it has provided the appointed auditor with an explanation for non-compliance and details of the actions necessary to address weaknesses identified, but has not published this explanation with the AGAR.

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 2019/20

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

Date

21/11/2020

\* 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](http://www.nao.org.uk))