

Section 3 - External Auditor Report and Certificate 2021/22

In respect of **Letcombe Regis Parish Council**

1 Respective responsibilities of the body and the auditor

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it does not provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

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 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors

2 External auditor report 2021/22

Except for the matters reported below on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with the 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 prior year figures included in Section 2 of the AGAR have been restated in Boxes 7 and 8. This is to remove previously included 'unpresented cheques'. Unpresented cheques are payments approved and made within a particular year which have not been processed through the bank account at the year end date. As such these should be deducted from the physical year end bank balance as part of the reconciliation process.

The Council prepares its financial statements on a receipts and payments basis. As we noted in our 2020 report, the Council should recognise and record payments in their cashbook when authorised and made rather than when they are processed through the bank statements. Any payments such as cheques that have not been processed through the bank by the year end date should be included as payments in the year and deducted from the bank statement balance accordingly as a reconciling item. The Council prepares its financial statements on a receipts and payments basis. As we noted in our 2020 report, the Council should recognise and record payments in their cashbook when authorised and made rather than when they are processed through the bank statements. Any payments such as cheques that have not been processed through the bank by the year end date should be included as payments in the year and deducted from the bank statement balance accordingly as a reconciling item.

The adjustment to the comparative year's figures has created an imbalance in the 2021 figures of £2,624 on the 2022 AGAR. In addition, any unpresented cheques at 31 March 2022 would be incorrectly excluded from Box 6, leading to incorrect figures being calculated for Boxes 7 and 8.

This incorrect treatment appears to have been advised by the internal auditor and we would direct the council and the internal auditor towards the Practitioner's Guide to ensure this is corrected appropriately for the 2022/3 year. We would also expect the assertions to take this into consideration and any changes to the comparative amounts within Section 2 to be clearly identified as restated when the 2022/23 return is prepared.

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

The Internal Auditor did not initially complete Box O on the Annual Internal Audit Report. When this was updated and resubmitted the 'Not applicable' answer given was consistent with other items on the AGAR and so no concern remains in this area.

3 External auditor certificate 2021/22

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 2022.

External Auditor Name



External Auditor Signature

Date

10/09/2022