

Section 3 – External Auditor’s Report and Certificate 2022/23

In respect of **South Somercotes with Fenhouse & Scupholme Parish Council (LI0337)**

1 Respective responsibilities of the auditor and the authority

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 2023; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2022/23

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:

- Section 2, Box 6 incorrectly includes items which are staff costs as defined in the Joint Panel on Accountability and Governance Practitioners’ Guide. Please note that Box 4 should comprise payments made in relation to the employment of staff including only gross salary, employers’ national insurance contributions, employers’ pension contributions, gratuities for employees or former employees and severance or terminations payments to employees. Employment expenses which are benefits (mileage, travel, etc.) and items of reimbursement of expenses for postage, stationery or other outlays made on behalf of the smaller authority are not staff costs for the purpose of completion of the AGAR in accordance with proper practice. The smaller authority is unable to identify the split of staff costs and expenses and has therefore included all payments within Section 2, Box 6.

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 2023/24 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. As a result, the smaller authority must answer ‘No’ to Assertion 4 of the Annual Governance Statement for 2023/24 and ensure that it makes proper provision for the exercise of public rights during 2024/25.

The smaller authority has confirmed that it has not complied with the governance Assertions in Section 1, Boxes 1 to 8, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified.

The smaller authority failed to approve the AGAR in time to publish it before 1 July 2023, the date required by the Accounts and Audit Regulations 2015, but did disclose this by answering ‘No’ to Section 1, Box 1.

The smaller authority was issued a public interest report (PIR) for non-submission of the AGAR for the 2021/22 year on 19/01/2023. Where a PIR is issued, the Local Audit and Accountability Act 2014 (the Act) requires the authority to consider the PIR at a public meeting within one month of the date it was issued. The smaller authority has confirmed this did not take place and therefore answered ‘No’ to Section 1, Assertion 3. As the smaller authority did not submit an AGAR for our review, we have not reviewed any evidence to support the prior year comparatives on the AGAR.

The AGAR was not accurately completed before submission for review. The AGAR has been amended.

The smaller authority was unable to provide:

- an adequate explanation for the difference between Section 2, Boxes 7 and 8 due to unavailable information

The smaller authority should ensure that it has regard to the level of reserves held when considering future precept requests. Any earmarked reserves should be considered and formally approved by the smaller 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 internal control objectives A-N. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

3 External auditor certificate 2022/23

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 2023.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

Date

01/05/2024