

Final External Auditor Report and Certificate 2022/23 in respect of Thornton-le-Dale Parish Council NY0568

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.

External auditor's limited assurance opinion 2022/23

On 26 September 2023, 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 2023. 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.

- 1) The AGAR has not been signed in accordance with the Accounts and Audit Regulations 2015:
 - Section 2 was not signed by the Responsible Finance Officer before approval.
- 2) The smaller authority has confirmed that it has not complied with the governance assertions in Section 1, Boxes 3 and 6, however the reasons provided to the appointed auditor indicate non-compliance with assertions 1 and 2 rather than assertion 3 and no reason has been given for the 'No' response to assertion 6. 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 the accounting records and internal controls. These include accounting records not being properly kept during the year, weaknesses in the budgeting and precept setting process, a lack of budget monitoring, non-compliance with the authority's financial regulations in respect of a £3,000 grant, bank reconciliations not being completed regularly throughout the year, the fixed asset register not being properly maintained throughout the year and internal controls not being reviewed and evidenced as such in the minutes. In light of this, assertions 1 and 2 should have been answered 'No'. We note that the smaller authority has been working to address these issues and it must ensure that any remaining weaknesses are addressed in a timely manner.

- 3) In addition to the reasons for non-compliance with Assertions 1 and 2 as reported by the internal auditor and noted above, further information received has demonstrated a lack of internal control and failures in following proper practices as follows:
- Instances where the smaller authority did not follow proper process in respect of voting on a resolution and minuting that resolution.
 - An instance where the council meeting agenda was not adequate, and decisions were made on matters that had not been included on the agenda.
 - A lack of written evidence of the authorisation of overtime hours to be paid and lack of resolutions approving related payments in the minutes.
 - A lack of control over the caretaking and grass cutting contracts during the year and failure to maintain adequate records in respect of this.
 - Failure to maintain adequate records in respect of procurement decisions taken during the year.
- We note that the smaller authority has been working to address these issues in the current year and it must ensure that any remaining weaknesses are addressed in a timely manner.
- 4) The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR:
- The smaller authority has restated the 2021/22 figure when revaluing assets in Section 2, Box 9. However, the supporting documents provided indicate that this has been restated incorrectly since the increase in the Box 9 figure from 2021/22 to 2022/23 does not reconcile to the assets acquired during the year. In addition, the asset valuation policy is not clear and various assets appear to be included at zero value. We recommend that the smaller authority clarifies its fixed asset valuation policy and also carries out a review of the fixed asset register to ensure that it has been completed in accordance with the provisions of the Practitioners' Guide.

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

- 1) Information has come to our attention indicating that the smaller authority has not published explanations for the 'No' responses given in respect of Assertions 3 and 6 on the Annual Governance Statement. Accordingly, the smaller authority must disclose this by responding 'No' to Assertion 3 of the Annual Governance Statement for 2023/24 and publish the reason for that 'No' response on its website when the 2023/24 AGAR is published.
- 2) We note that the smaller authority did not publish the external auditor's interim report and Notice for 2022/23 by the dates specified in the Audit and Accounts Regulations 2015. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2023/24 and ensure in future that all relevant documents are published by the due dates.
- 3) We received challenge correspondence in relation to the 2022/23 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.

External auditor certificate 2022/23

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 2023.

PKF Littlejohn LLP

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17/07/2024