

Section 3 - External Auditor Report and Certificate 2021/22

In respect of **Harpsden 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

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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 reserves held by the Council at the year end are 72.2 times the precept. The generally accepted level of reserves for smaller authorities is less than 2 times the precept adjusted for any earmarked funds for specific projects. This is because the Council have received significant monies in relation to the Community Infrastructure Levy over the past 4 years.

We have received a breakdown of earmarked funds at 31 March 2022 from the council however the level of non-specific reserves is still significantly above 2 times the precept. The Council has had sufficient opportunity to consider what projects these monies could be spent on rather than still having significant amounts that remain unallocated. We expect the council to consider a use for the remaining unallocated reserves or for the council to consider repaying some of the money and/or reducing the precept burden on its electors going forwards.

It was noted in the prior year's Internal Audit and as a result highlighted in the External Audit Report, that Financial Regulations had not been reviewed by the Council. These are required to be reviewed annually in line with JPAGs proper practices. We have reviewed the Council's website to identify whether these have been considered during 2021/22 however on review it is noted that no minutes or financial information appears to have been uploaded to the Council's website since April 2021. We were unable to verify whether the point raised from the prior year has been addressed as a result.

Failure to include financial information is also a breach of the Accounts and Audit Regulations 2015, Regulation 13 (2)(b) which states each Annual Governance and Accountability Return together with any other documents published under Regulation 13(1) should, on conclusion of the audit, be available for public access for a period of 5 years from their initial publication date which includes publication on the Council's website.

The Council should therefore have answered 'No' to Box 3 of Section 1 of the AGAR.

It was noted in the prior year that the Council had not properly registered with HMRC to manage deductions in relation to PAYE / NI for its employees. The Internal Auditor has again noted that this was not done in the year. The failure to comply with proper practices in this area also suggests the Council should have answered 'No' to Assertion 3 on Section 1 of the AGAR. The Council is however working toward resolving this matter.

The Council suggested they answered 'No' to Box 7 of Section 1 of the AGAR as they are opposed to setting up a backup computer in case the clerks computer cannot be used. We would also note that the Council has not actioned the points raised in the prior year's External Audit report and so this answer should also have been in relation to this fact.

On initial submission of the AGAR, Box 9 of Section 1 in relation to Trust Funds was ticked 'Yes'. When queried as this was inconsistent with the prior year and other sections of the AGAR, the page was resubmitted with a 'No' answer which suggests the Council did not discharge its duties as a Sole Trustee. As the Council is not considered to be a sole trustee, this answer should have been 'N/A'.

The Council approved Section 1 of the Annual Governance and Accountability Return after Section 2 which is in breach of Section 6(4)(a) of The Accounts and Audit Regulations 2015.

We would expect the council to address the above breaches in the current year and consider these points whilst completing Section 1 of the 2022-23 Return.

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

The Council has entered its results for the year on Section 2 of the AGAR inclusive of pence. The guidance on this section of the AGAR is that figures should be rounded to the nearest £1. Although we consider this to be a trivial matter, the Council should properly complete all areas of the AGAR in future.

On initial submission Assertion 4 was not completed. This has been resubmitted with a 'Yes' response which is line with our expectations. The final version of the AGAR should be published together with our report and the notice of conclusion of audit.

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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

 **MOORE**

External Auditor Signature



Date

26/09/2022