

Section 3 – External Auditor Report and Certificate 2017/18

In respect of

St. Cuthbert Out Parish Council SO0250

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 2018; 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.

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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 (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 figures in Section 2, Boxes 6,7 and 8 of the prior year comparative column do not agree to the prior year final signed Annual Return and do not agree with the figures recommended by the external auditor in the prior year report. The Box 8 figure for 2016/17 had not been reduced for the total of unrepresented cheques at 31 March 2017. The external auditor indicated Box 8 for 2016/17 should be £45,511.
- The smaller authority has switched from a receipts and payments accounting basis to an income and expenditure basis for 2017/18 but the 2016/17 figures have not been restated on an income and expenditure basis. The opening position for 2017/18 is therefore on a receipts and payments basis. The smaller authority needs to recalculate the 2016/17 figures on an income and expenditure basis to establish the correct closing position for 2016/17 and hence 2017/18 opening position.

In the completion of the Annual Internal Audit Report and their detailed report(s), the internal auditor has drawn attention to significant weaknesses. The internal auditor has responded 'no' to objectives A, B, C, I & J in relation the problems encountered with change in accounting software in the year and the resulting accounting for VAT and the absence of a risk assessment being performed in the year. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner. In our view the response to Section 1, Assertions 1 and 5 should have been 'no'.

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

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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 2018

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

24/09/2018

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)