

Section 3 - External Auditor Report and Certificate 2021/22

In respect of

Minster Lovell 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.

It was noted on review that the announcement of the Period for Public Rights was the same date as the approval of Section 2 of the Annual Governance and Accountability Return. Regulation 12 – 15 of the Accounts and Audit Regulations 2015 set out the order required to be followed when approving, announcing and publishing the Return and related documents in order to satisfy the Public Rights requirements. The Return must be approved prior to the Notice being published. To be able to demonstrate this, proper practice requires that the Notice is published no sooner than the day following the approval meeting and the Public Rights period commences no sooner than the next working day after that.

Section 12 of the Audit and Accounts Regulations 2015 requires the RFO to complete Section 2 of the Annual Governance and Accountability Return prior to passing it to the Council for its approval. This year, the Council approved the Return before the RFO which is a breach of this regulation. In future the Council should ensure the form is duly completed prior to it considering it for approval.

There is a typographical error contained within Box 2 prior year's audited figures into the 2021 column on this year's Accounting Statements (Section 2) as the figure should read £37,439 but it states £37,349.

The Council should consider the points raised above when completing the Assertions in the 2022/23 Annual Governance Statement (Section 1).

On the initial submission of Section 2 of the Annual Governance and Accountability Return the Council restated the 2022 figure in Box 1 however this did not agree to the 2021 Box 7 figure on either of the current year's return or the prior year's audited return. We also noted that the Council transitioned from the income and expenditure basis of accounts used previously to the receipts and payments basis.

The Council later resubmitted Section 2 and amended the 2021 Boxes 7 and 8 figures to be consistent with the figure contained in 2022 Box 1. However, in doing so there is a £4,082 imbalance when summing Boxes 1-6 down to Box 7 in the 2021 column. This imbalance has been verified to be the following: there was a transfer entry from Current a/c to Savings a/c for £4,000 in box 4 but not recorded within box 3 as being received. Neither entry is required to be recorded on the AGAR as this is normal short term cash management, interest received not entered in accounts for £8 and difference between boxes 7 and 8 for 2021 on prior year's return (following change in basis) of the uncleared deposits and withdrawals which can be seen on the bank reconciliation as at 31st March 2021 of £73. Therefore, in conclusion the total other receipts figure (Box 3) for 2021 is understated by £98 and the total other payments figure (Box 6) for 2021 is overstated by a total of £3,984.

Paragraph 2.10 of the Practitioners' Guide requires that prior year figures are restated to be on the same basis as current year where there is a change of basis. From the annual return and amended return provided, it appears that the prior year's figures have not been restated to be on the same basis therefore this is a breach of proper practices. As a result of this we would have expected Assertions 1 and 3 on the 2021-22 Annual Governance Statement to have been answered 'No'. As well as this since we noted a similar point on the prior year's audit report we would also have expected Assertion 7 on the 2021-22 Annual Governance Statement to have been 'No'.

Following the internal auditor's responses to Assertion M we have the following observation. As the Internal Auditor is unable to confirm the proper publication of the Notice for Public Rights during the year it suggests that Assertion 4 on the Annual Governance Statement should be marked 'No'.

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

We noted in the prior year's audit report that the Internal Auditor raised a query over a West Oxfordshire District Council (WODC) balance totalling £30,000 being identified as a short-term loan balance held. The Internal Auditor has continued this point on from the prior year and also confirmed that this account to WODC should be reviewed as soon as possible. Evidence has also been provided from WODC who state that the Council should review their own banking arrangements and where possible, withdraw the money. Therefore the Council should make this a priority.

The Internal Auditor has identified that whilst significant risks have been properly assessed there are improvements required to the review system. Whilst we are satisfied that this does not appear to be a breach of regulation we anticipate the system being reviewed an improved for the future.

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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

External Auditor Signature

Date

 MOORE



27/09/2022