

## Final External Auditor Report and Certificate 2020/21 in respect of Bidborough Parish Council KE0023

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### 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 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

### External auditor report 2020/21

On 26 September 2021, 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 2021. 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.

We note that Section 1, Assertion 3 has been incorrectly completed in prior years. The smaller authority has confirmed it has not complied with certain laws and regulations during 2020/21 and prior years since the Council was not registered with HMRC and the Clerk was self-employed and did not have a contract with the Council. We understand that the Council has registered with HMRC during 2021/22; however, Assertion 3 may need to be answered 'No' in the 2021/22 AGAR depending on the method used to pay the Clerk during the year. In addition, Section 2, Boxes 4 and 6 have been incorrectly completed in prior years; however, the prior year comparatives have been restated on the 2020/21 AGAR.

We further note that during 2020/21 and prior years the Clerk paid the previous internal auditor herself and then reclaimed the expenditure from the Council. This is highly irregular; the internal auditor should be appointed by the Council and should invoice the Council for internal audit services provided in line with terms of reference/audit scope approved by the Council. In our opinion, Assertion 6 should have been answered 'No' in respect of the actions taken by the Council and Clerk during 2020/21; however, we note that the version of the AGAR on the Council's website has been amended to show the correct answer.

We note that a planning application made on behalf of the Council was required to be withdrawn during the year due to proper procedures not having been followed; the Council must ensure that the correct procedures are followed in respect of any future applications.

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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 2021/22 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 2021/22 and ensure that it makes proper provision for the exercise of public rights during 2022/23.

The authority has received £94 in respect of a refund against expenditure during the year and has accounted for it as a receipt in Section 2, Box 3 rather than netting it against the relevant expense in Box 6. Whilst the Practitioners' Guide is silent on the matter, it is our view that the true cost to the authority should be shown on a net basis. Accounting on a gross basis inflates the gross income and gross expenditure of the authority and can push the authority into a higher fee band than it would otherwise be in.

The smaller authority has confirmed that it has not complied with the governance assertions in Section 1, Boxes 1 to 5, 7 and 8 but it has provided the appointed auditor with an explanation for non-compliance and details of the actions necessary to address weaknesses identified.

Information has come to our attention indicating that the smaller authority has not published an explanation for the 'No' response given in respect of Assertion 7 on the Annual Governance Statement. Accordingly, the smaller authority must disclose this by responding 'No' to Assertion 3 of the Annual Governance Statement for 2021/22 and publish the reason for that 'No' response on its website when the 2021/22 AGAR is published.

The smaller authority failed to approve the AGAR in time to publish it before 1 July 2021, the date required by the Accounts and Audit Regulations 2015; however, it did disclose this by answering 'No' to Section 1, Box 1.

The Council should ensure that both the appointment of the internal auditor and the consideration of internal auditor detailed reports are correctly minuted in future years; we note that agenda papers are not routinely published and recommend that this is carried out in future.

We received a significant amount of challenge correspondence in relation to the 2020/21 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.

During our challenge work, we have repeatedly noticed the operational difficulties caused by the existence of factions within the Council and encourage all Members and officers to work together for the good of the community in the future.

### External auditor certificate 2020/21

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 2021.

*PKF Littlejohn LLP*

**PKF Littlejohn LLP**

**31/03/2022**

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