

## Section 3 – External Auditor Report and Certificate 2020/21

In respect of

HIGHNAM PARISH COUNCIL – GL0117

### 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 2021; 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.

### 2 External auditor report 2020/21

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.

Section 1, Assertion 5 has been incorrectly completed. Information has come to our attention, that the smaller authority did not carry out an annual review of its risk management arrangements during the year. This is consistent with the 'No' to Internal Control Objective C. As such, the authority should have ticked 'No' to Assertion 5.

The smaller authority has confirmed the prior year Box 9 figure is incorrect. Section 2, Box 9 for the prior year should read £56,642.

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

The Internal Auditor's response to Objective M is not consistent with the information in Section 1, Assertion 4 and the prior year external auditor report. The Internal Auditor has confirmed no evidence has been obtained regarding the public rights period provided for during 2020/21.

The smaller authority has confirmed that it has not complied with the governance assertion in Section 1, Box 6, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified.

The smaller authority has not provided:

- an adequate explanation for the variance between the prior and current year values in Box 4 of Section 2

The authority has received £1533 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. 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 annual internal audit report focuses on a series of internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority. We note that the internal auditor has not provided a conclusion on the following internal control objectives: F or an adequate explanation where the response given is 'Not covered'. The annual internal audit report will inform the authority's response to assertions 2 and 6 in the annual governance statement. As a result, the authority must ensure that assurance that has not been provided via these control objectives has been sought elsewhere

### 3 External auditor certificate 2020/21

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 2021.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

Date

23/09/2021

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