

Final External Auditor Report and Certificate 2017/18 in respect of Tacolneston Parish Council – NO0451

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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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On 24/09/18, 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 2018. 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.

Information brought to our attention and confirmed by the smaller authority indicates that the AGAR was not approved in accordance with the Accounts and Audit Regulations 2015. Section 2 was approved before Section 1 was considered and signed.

The AGAR was not accurately completed before submission for review. Section 2, Box 2, the annual precept, does not agree to the figure published by the precepting authority. The figures in Boxes 2 and 3 should read £9,485 and £14,479 respectively. All grants, including Council Tax Support Grant, should be shown in Box 3, as per the guidance notes on the AGAR.

Section 1, Assertions 1 and 2 have been incorrectly completed. Information brought to our attention and confirmed by the smaller authority and the internal auditor indicates that proper accounting records were not kept during the year and there was a lack of internal control and proper authorisation of transactions. Bank reconciliations were not prepared and reviewed on a regular basis, no cash book was kept, minutes of Council meetings were lost and had to be reconstructed, there are numerous errors in the minutes and there was a lack of supporting documentation retained in respect of receipts and some payments. As a result of these matters, the answers to Assertions 1 and 2 should have been "No". We note that the internal auditor reconstructed the accounting records from the bank statements and the available documentation in order to prepare the figures for the AGAR. We also note that from 1 April 2018 a new bookkeeping system has been put in place.

Section 1, Assertion 9 has been incorrectly completed. Information provided to us indicates that during the year, the smaller authority became sole managing trustee of the Tacolneston & Forncett Recreation Association (TAFRA). At the same time a lease that the smaller authority had over some land owned by TAFRA expired and was not renewed. The smaller authority had previously installed a MUGA and play equipment on the land which was included in its fixed asset register and in the figure in Section 2, Box 9 of the AGAR. When the lease expired the ownership of these assets reverted to the freeholder but they have not been removed from the Box 9 figure on the AGAR. The smaller authority should have transferred the legal title of the land to TAFRA but it has confirmed that this was not done. In the light of this information, the answers to Section 1, Assertion 9 and Section 2, Box 11 should have been "No" and "No". We also note that Charity Commission website currently shows a named individual as the sole managing trustee of TAFRA. If the smaller authority has been appointed sole managing trustee then the name of the smaller authority should be registered with the Charity Commission.

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

The smaller authority has confirmed that it has not complied with the governance assertions in Section 1, Boxes 3, 4, 5, 6 and 7, but it has provided the appointed auditor with an explanation for non-compliance and details of the actions necessary to address weaknesses identified. In addition to the reasons given by the smaller authority information brought to our attention, and confirmed by the smaller authority, indicates further areas of non-compliance with Assertions 3 and 4 in relation to payments under Section 137 not being identified or minuted as such, minutes not being approved or signed in a timely manner and as a result of this not being available to the public either during or after the public rights period and the statutory recommendation issued by the external auditors in August 2017 not being dealt with correctly. The smaller authority should ensure that all areas of non-compliance with the governance assertions have been addressed within their new procedures and policies going forward.

The internal auditor was not independent of the financial decision making, management and control of the smaller authority as the accounts, the figures for AGAR and supporting papers were prepared by the internal auditor. The smaller authority must disclose this by answering 'No' to Assertion 6 of the Annual Governance Statement on the 2018/19 AGAR. We note the smaller authority's intention to appoint a new impartial internal auditor for the 2018/19 year end and we have seen that a new internal auditor was appointed for that year.

In the completion of their detailed report, the internal auditor has drawn attention to significant weaknesses in accounting and governance. This is not consistent with the responses on the Annual Internal Audit Report where all the internal control objectives have been ticked "Yes". All of the issues raised in the internal auditor's detailed report have been covered elsewhere in our report. The smaller authority has acknowledged the weaknesses identified and has confirmed that it is working to address them all as a matter of urgency.

As a result of the numerous matters that were brought to our attention by an elector, a significant amount of additional work has been carried out by ourselves on various matters of governance and accountability. The Council has received an additional invoice for this work in line with the fees set by SAAA.

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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 2018.

PKF Littlejohn LLP

**PKF Littlejohn LLP
21/10/2019**