



Aldingbourne Parish Council

External Auditor Report & Certificate 2018/19

Explanatory Statement for delay in Certification

The submission of the 2018/19 Annual Return was 13 November 2019, initial queries were raised on the 18 November 2019. Since that date we have liaised with the clerk(s) and the Chair(s) to provide the further information to enable the completion of our review. Some information remains outstanding, but we feel that due to the changes in personnel and the time that has passed, it is unlikely that any further information now will be found or become available.

Schedule of matters reported:

1. We noted on last year's external auditor report, that there was a lack of evidence for all bank account balances at the year-end. This year the Council have provided a reconciliation in relation to two bank accounts but there is no documentation to support the "Cannon Jolly" and "Sportsfield Capitalisation" bank account balances (totals to £7,370 of the Council's balances in this year's return) as, due to signature changes going back some considerable time, records are not currently accessible by the Council. As this was a significant ongoing weakness it was discussed with the Council in 2019 and we understand that access to these accounts has progressed such that it is no longer a significant risk.
2. The inspection period for the exercise of electors' rights does not include the first ten working days of July as specified in the Accounts and Audit Regulations 2015. This is a repeated failure.
3. The Council approved the Return after 30 June which does not comply with the Accounts and Audit Regulations 2015. This is a repeated failure.
4. Also, we note that Accounting Statements – Section 2 of the Return has not been signed as approved by the Chairman which is contrary to the Accounts and Audit Regulations 2015.
5. The Council was advised in the prior year that due to failures in providing a sufficient notice period for the exercise of public rights, a "No" response to Assertions 4 on Section 1 of the Annual Return would be required but the Council have incorrectly responded 'Yes'.

6. The Council have also failed to address all the recommendations from the internal audit and external audit reports last year. Therefore, they should have provided a 'No' response to assertion 7 on Section 1 but they have responded 'Work in Progress' which is not an acceptable response.
7. In addition to the points raised above, further 'intermediate' checks are required for larger councils and certain councils selected at random or where issues have previously arisen if the external auditor so requires them. Aldingbourne Parish Council was part of the random sample selected for additional testing for the 2018/19 year. Despite being requested to provide additional information to support the Council's responses to Assertions 1 and 7, none was provided. We have therefore been unable to ascertain where and to what degree the correct protocols were followed and therefore whether the Council have appropriately and accurately completed Assertion 1 of the Governance Statement of the return. Other testing has already confirmed that the Council have not appropriately and accurately completed Assertion 7 of the Governance Statement of the return. We are therefore required to further qualify our report due to non-compliance with proper practices.
8. It is our intention to select Aldingbourne Parish Council for additional checks as part of our review process for the 2021/22 return.
9. The council has failed to provide explanations of all significant variances within the Accounting Statements – Section 2 of the Return. This is required by proper practices in support of the Accounts and Audit Regulations 2015. We have therefore not been able to confirm the basis for the increase in the Precept nor does the figure stated agree to the Precept figure provided to us by Arun District Council which identifies £532 of other income. This income is described as being 'South Downs National Park precept' we have not been able to obtain further information in relation to this but believe it has been included within Box 2 in error.
10. In completing Accounting Statements – Section 2 a series of sums have been included in some boxes instead of a single amount, as required by proper practices. The addition of boxes 1 to 6 do not total to the amount provided in box 7 which is an amalgamation of figures. Box 8 appears to relate to the same amalgamation rather than each box being separately completed. The apparent imbalance in the totals appears to relate to the movement in uncleared cheques at the start and end of the year, which would not be an imbalance if the boxes were correctly completed to the reconciliation provided.
11. The figure provided at box 10 of the Accounting Statements – Section 2 should represent the amount outstanding on loans. Instead, it appears to represent the sum of boxes 8 and 9, which is an error in completion. We are not aware that any additional loans have been taken in the period.

12. We note that the Council has failed to respond to Box 11 on Section 2 and responded "Work in progress" to assertion 9 on Section 1, which is not acceptable responses under the Accounts and Audit Regulations 2015, instead a 'No' response should have been provided as at that time their trustee responsibilities had not been fulfilled. The Council is identified on the Charity Commission website as sole trustee of the Westergate Recreation Ground Fund, a registered charity, therefore Box 11 should have been answered "Yes". We note from the charity commission website that the trustees have recently filed financial information (Annual Return and Accounts) for 2018 to 2021.
13. The Internal Auditor has identified several issues within their report of apparent shortcomings in the systems employed by the council which need to be addressed. We have also raised queries as to whether VAT records were properly kept in the period as they were noted not to have been in the prior year. We have not had a response and so are unable to state whether appropriate treatment was applied following the issue of that report.

Schedule of other matters reported:

14. We noted on last year's external auditor report that cheque payments are being made without the proper procedure being followed (two initials on cheque stubs). This year in the sample of payments made from the account chosen by the internal auditor, all payments had appropriate invoice documentation, were formally agreed by the committee and initialled by two councillors on the cheque stubs with the exception of cheque 102833 which no agreement by the committee was found.
15. The Internal Auditor has failed to test/conclude on several assertions within the Internal Audit Report (Assertions C, D, F, J and M). They have also recorded a "No" response in Box H of their report due to the valuation for fixed assets and long-term investments being based on previous insurance valuation figures. This suggests there is a need for the Council to reassess the valuations for fixed assets and long-term investments to ensure that an updated valuations are included in future.
16. The Internal Auditor responded "not known" to Box M on the Annual Internal Audit Report. Other information provided identifies the Council as sole trustee of the Westergate Recreation Ground Fund which is a registered charity, therefore this response should have been "Yes".
17. The Internal Auditor has recorded that there is no petty cash held which suggests that the issue with a negative petty cash balance noted in 2017/18 has been rectified.

18. We note that the Internal Auditor has made a further recommendation in relation to setting up online banking to enable 'surplus funds' to be transferred from the current account to an interest yielding account.



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