

Aldingbourne Parish Council

External Auditor Report & Certificate 2017/18

Schedule of matters reported:

The Council has failed to demonstrate that they have implemented and followed a sound system of financial control in the year as required by item 3 of the Accounts and Audit Regulations 2015. This is evidenced by the fact there have been several errors identified by the Internal Auditor and further issues identified at the external audit.

Issues include: failure to reconcile all bank control accounts at the year-end date; lack of evidence for all bank account balances at the year-end; discrepancies between income and expenditure reported on the AGAR and the underlying financial records; cheque payments being made without the proper procedure being followed (two initials on cheque stubs); cheques raised not agreeing to underlying records (minor differences noted); and VAT records not having been properly kept or reconciled at the year-end date.

It was the Internal Auditor's conclusion that these did not show any major errors contained in the results reported for the year but the Council is required to adopt and follow an appropriate system of risk management and internal control. The number of errors in the year suggests that the systems in place for the Council are not being appropriately followed and leave the Council exposed to the potential for significant error.

Furthermore we note that the weaknesses in internal controls were brought to the Council's attention at the 2017 audit and have not been addressed since this time (although it has been indicated that this was scheduled to be followed up following the 2018 year end date).

The Council's Notice of Public Rights was advertised to commence from 4 June 2018 which was approximately one month before the date of approval of the AGAR meaning the records were available for review whilst they were still subject to change. Item 12 of the Accounts and Audit Regulations 2015 requires the accounts be approved prior to the commencement of the period of public rights.

The statutory deadline for approval of the AGAR was 2 July 2018, however, the Council did not meet to approve the accounts until 3 July 2018.

The Council was advised in the prior year that due to failures in providing a sufficient notice period for the exercise of public rights as well as their failure to address recommendations from the Internal Audit report from 2016, they should have answered No to assertions 4 and 7 on Section 1 of the Annual Return. This should again have been the case but as in 2017, the Council has incorrectly answered Yes to both assertions.

The Council has reported a negative petty cash balance at the year end. The Council does not have the statutory power to enter into any borrowing arrangements of this nature but it is not clear to us whether this is a borrowing arrangement or evidence of further errors in the financial controls.

After initial correspondence, the Council then ceased to respond to further queries and attempts to contact them. As a result we have unable to gain assurance over the following areas:

A summary of significant variances in box 3 (total other receipts) and box 6 (all other payments) has not been provided by the Council and so we have not been able to consider the movement in these areas for the year.

Schedule of other matters not affecting our opinion:

The Council has not included its web address on page 4 of the AGAR as required by the Transparency Code.



