

## **Aldingbourne Parish Council**

### **External Auditor Report & Certificate 2017/18**

#### **Schedule of matters reported:**

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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.

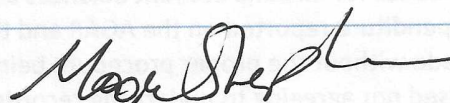
The Council has reported a negative petty cash balance at the year end. The Council does not have the statutory power to enter into any borrowing arrangements of this nature but it is not clear to us whether this is a borrowing arrangement or evidence of further errors in the financial controls.

After initial correspondence, the Council then ceased to respond to further queries and attempts to contact them. As a result we have been 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.





## Section 3 – External Auditor Report and Certificate 2017/18

In respect of

ALDINGBOURNE PARISH COUNCIL

### 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 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.

### 2 External auditor report 2017/18

(Except for the matters reported below)\* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return 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. (\*delete as appropriate).

SEE ATTACHED REPORT

(continue on a separate sheet if required)

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

SEE ATTACHED REPORT

(continue on a separate sheet if required)

### 3 External auditor certificate 2017/18

We certify/~~do not 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 2018.

\*We do not certify completion because:

External Auditor Name

MOORE STEPHENS

External Auditor Signature

*Moore Stephens*

Date

15/01/2019

\*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))