

## Final External Auditor Report and Certificate 2022/23 in respect of Stirchley and Brookside Parish Council SH0157

### Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

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 2023; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

### External auditor's limited assurance opinion 2022/23

On 30 September 2023, 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 2023. 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.

The smaller authority failed to approve the AGAR in time to publish it before 1 July 2023, the date required by the Accounts and Audit Regulations 2015, and did not disclose this by answering 'No' to Section 1, Box 1

The smaller authority has disclosed that it made proper provision during the year 2022/23 for the exercise of public rights, by answering 'Yes' to Section 1, Assertion 4. However, as was reported last year, we are aware that it failed to do this and therefore should have answered 'No' to this Assertion.

Section 1, Assertion 1 has been incorrectly completed. Information received from the internal auditor highlights that budget monitoring did not take place during the year, the accounting records were not kept up to date throughout the year and some supporting documentation was not adequate, bank reconciliations were not prepared on a regular basis throughout the year and the smaller authority did not adequately document its review at the year end to identify and account for year end accruals, prepayments, receipts in advance and other creditors as required under the income and expenditure basis of accounting. As a result of this, the answer to this assertion should have been 'No'.

Section 1, Assertion 8 has been incorrectly completed. Information received from the smaller authority and the internal auditor highlights the existence of a pension fund liability of approximately £145,000 becoming payable in 2022/23 as a result of the smaller authority's earlier decision to switch pension providers. While the final decision to exit the scheme and make payment was not taken by the smaller authority until October 2023, in our view the likelihood of payment was such that the smaller authority should either have accrued for this amount or created an earmarked reserve in the 2022/23 accounts.

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

We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2023/24 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights and the period for the exercise of public rights did not include the first 10 working days of July. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2023/24 and ensure that it makes proper provision for the exercise of public rights during 2024/25.

The smaller authority has confirmed that it has not complied with the governance Assertions in Section 1, Boxes 2, 3, 5, 6 and 7, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified. This is consistent with the Internal Auditor's responses to Internal Control Objectives A, B, C, D, F, H, J, L and N on the Annual Internal Audit Report. The internal auditor's detailed report also identified specific weaknesses in respect of VAT accounting, staff contracts, the fixed asset register, petty cash controls, compliance with financial regulations and compliance with the publication requirements of relevant legislation. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

### **External auditor certificate 2022/23**

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 2023.

*PKF Littlejohn LLP*

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**15/03/2024**