Section 3 - External Auditor Report and Certificate 2023/24

In respect of **Sheepy Parish Council**

1 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 2024; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors

2 External auditor limited assurance opinion 2023/24

Except for the matters report 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 the 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.

Section 12 of the Audit and Accounts Regulations 2015 requires the RFO to complete Section 2 of the Annual Governance and Accountability Return prior to passing it to the Council for its approval. This year, the Council approved the Return before the RFO which is a breach of this regulation. In future the Council should ensure the form is duly completed prior to it considering it for approval.

Box 11a was not initially completed on Section 2 Accounting Statements and Assertion 9 was not initially completed on Section 1 Governance Statement when the form was submitted. The form was resubmitted with a 'No' answer to Box 11a and 'N/A' answered to Assertion 9 which was in line with our expectation. Whilst this was amended with no further concerns, this issue was also raised on the prior year's External Audit Report and hence this issue was not appropriately actioned. The Council therefore should have answered 'No' to Assertion 7 of Section 1 of the Annual Governance and Accountability Return which relates to taking appropriate action on matters reported from internal and external audit.

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

The Council left a significant time period between approval of the Annual Governance and Accountability Return and the commencement of the Public Rights Period. The Audit and Accounts Regulations 2015, section 12 (3)(a) and proper practices require that following approval of the Return, the Public Rights Period should commence as soon as is reasonably practicable when taking into consideration the mandatory inclusion of the first 10 working days of July.

Insufficient information was provided with the initial supporting data submitted for review with regards to the breakdown of reserves, which was later provided on request. On review of this information, the council's general reserves are higher than the generally accepted level for smaller authorities. General reserves are the level of reserves after adjusting for any earmarked or ringfenced funds. Per Paragraph 5.33 of JPAG Practitioners' Guide, best practice suggests that general reserves should cover at least 3 months of expenditure and anything greater than 12 months of expenditure is considered excessive.

Section 2 of the AGAR was initially submitted without the Trust Fund disclosure in Box 11b completed. This was later resubmitted with a 'N/A' answer to Box 11b which was in line with our expectations and so there are no further concerns in this area.

Insufficient information was provided with the initial supporting data submitted for review with regards to significant variances, which was later provided on request. The Parish Council should in future ensure that all the necessary supporting information is provided with their annual submission.

We note that there is a typographical error on the explanation of significant variances document for the item 'Total Fixed Assets'. We expected this to total to £75,215 as per the Council's income and expenditure account. Please would you ensure that all items included within the explanation of variances are stated accurately.

3 External auditor certificate 2023/24

We 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 2024.

External Auditor Name MOORE

External Auditor Signature Moore Date 18/09/2024