

Final External Auditor Report and Certificate 2021/22 in respect of Penketh Parish Council CH0156

Respective responsibilities of the body and the auditor

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 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

External auditor report 2021/22

On 27 September 2022, 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 2022. 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.

- 1) The smaller authority has disclosed that it made proper provision during the year 2021/22 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.
- 2) The smaller authority failed to publish the prior year AGARs and associated external auditor reports as required by the Accounts and Audit Regulations 2015 and did not disclose this by answering 'No' to Section 1, Box 3.
- 3) Section 2, Box 4 incorrectly includes items which are not staff costs as defined in the Joint Panel on Accountability and Governance Practitioners' Guide. Please note that Box 4 should comprise payments made in relation to the employment of staff including only gross salary, employers' national insurance contributions, employers' pension contributions, gratuities for employees or former employees and severance or terminations payments to employees. Employment expenses which are benefits (mileage, travel, etc.) and items of reimbursement of expenses for postage, stationery or other outlays made on behalf of the smaller authority are not staff costs for the purpose of completion of the AGAR in accordance with proper practice. Neither are legal, consultancy or administration fees associated with employment. The figures in Section 2, Boxes 4 and for the current year should read £134,032 and £100,474 (respectively).

- 4) Section 1, Assertion 9 and Section 2, Box 11 have been incorrectly completed. Information published on the Charity Commission website indicates that the trustees are individuals rather than the smaller authority being sole managing trustee. The smaller authority should clarify the status of the trust and ensure that the correct information is registered with the Charity Commission.
- 5) Assertion 2 has been incorrectly completed. Information received from the internal auditor in the Annual Internal Audit Report and their detailed report indicates that there was a lack of internal control during the year, particularly in respect of payment approval, audit trail, minuting of payment approval, monitoring of actual costs against budget and petty cash. We note that the smaller authority started to address the recommendations of the internal auditor towards the end of the 2021/22 year and during 2022/23. The smaller authority should ensure that any matters still outstanding are addressed in a timely manner.

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

- 1) The smaller authority has confirmed that it has not complied with the governance assertions in Section 1, Boxes 1 and 7, but it has not provided the appointed auditor with an explanation for non-compliance and details of the actions necessary to address weaknesses identified. Nor has it published the reasons for the 'No' responses on the website. We have identified the following instances of non-compliance with Assertion 1:
 - The smaller authority failed to approve the AGAR in time to publish it before 1 July 2022, the date required by the Accounts and Audit Regulations 2015.
 - Section 1 and 2 have not been prepared in accordance with proper practices. The Chair has signed Section 1 and 2 twice, as Clerk and RFO and as Chair. If the Chair has temporarily been acting as RFO, then another member should sign on behalf of the smaller authority. We note that an RFO has subsequently been appointed in line with section 151 of the Local Government Act 1972.
 - The AGAR has not been signed in accordance with the Accounts and Audit Regulations 2015 since Section 2 was not signed by the Responsible Finance Officer before approval.
- 2) 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 2022/23 for the exercise of public rights, since 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 2022/23 and ensure that it makes proper provision for the exercise of public rights during 2023/24.
- 3) The smaller authority has not provided an adequate explanation for the variance between the prior and current year values in Boxes 4 and 6 of Section 2.
- 4) We received challenge correspondence in relation to the 2021/22 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.

External auditor certificate 2021/22

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 2022.

PKF Littlejohn LLP

PKF Littlejohn LLP

02/06/2023

Penketh Parish Council

Notice of conclusion of audit

Annual Governance & Accountability Return for the year ended 31 March 2022

Sections 20(2) and 25 of the Local Audit and Accountability Act 2014

Accounts and Audit Regulations 2015 (SI 2015/234)


<p>1. The audit of accounts for Penketh Parish Council for the year ended 31 March 2022 has been completed and the accounts have been published.</p> <p>2. The Annual Governance & Accountability Return is available for inspection by any local government elector of the area of Penketh Parish Council on application to:</p> <p>(a) <u>CLERK.</u> <u>PENKETH PARISH COUNCIL</u> <u>HONITON WAY, PENKETH</u> <u>WAS 2EY</u></p> <p>(b) _____ _____ _____</p> <p>3. Copies will be provided to any person on payment of £ <u>5</u> (c) for each copy of the Annual Governance & Accountability Return.</p> <p>Announcement made by: (d) <u>MISS JO LOCKE</u></p> <p>Date of announcement: (e) <u>27/09/23</u></p>	<p>Notes</p> <p>This notice and Sections 1, 2 & 3 of the AGAR must be published by 30 September. This must include publication on the smaller authority's website. The smaller authority must decide how long to publish the Notice for; the AGAR and external auditor report must be publicly available for 5 years.</p> <p>(a) Insert the name, position and address of the person to whom local government electors should apply to inspect the AGAR</p> <p>(b) Insert the hours during which inspection rights may be exercised</p> <p>(c) Insert a reasonable sum for copying costs</p> <p>(d) Insert the name and position of person placing the notice</p> <p>(e) Insert the date of placing of the notice</p>
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Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

Penketh Parish Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

	Agreed		Yes' means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.		<input checked="" type="checkbox"/>	prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<input checked="" type="checkbox"/>		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<input checked="" type="checkbox"/>		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<input checked="" type="checkbox"/>		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="checkbox"/>		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<input checked="" type="checkbox"/>		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.		<input checked="" type="checkbox"/>	responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	<input checked="" type="checkbox"/>		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
	<input checked="" type="checkbox"/>		has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

11/07/22

and recorded as minute reference:

ITEM 10

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman



Clerk

 acting

www.penkethparishcouncil.org.uk

Section 2 – Accounting Statements 2021/22 for

Penketh Parish Council

	Year ending		Notes and guidance
	31 March 2021 £	31 March 2022 £	
1. Balances brought forward	£136,010	£123,531	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	£201,707 £201,707	£201,856	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	£87,423	£26,494	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	£160,311	£143,121	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	—	—	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	£141,298	£91,386	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	£123,531	£117,374	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	£122,519	£110,687	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	£1,230,263	£1,140,447	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	—	—	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes ✓	No	N/A The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval



Date

15/07/22

I confirm that these Accounting Statements were approved by this authority on this date:

11/07/22

as recorded in minute reference:

ITEM 10

Signed by Chairman of the meeting where the Accounting Statements were approved



Section 3 – External Auditor Report and Certificate 2021/22

In respect of

Penketh Parish Council - CH0156

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.

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

2 External auditor report 2021/22

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We are unable to complete our review work on the AGAR and supporting documentation as a result of correspondence received in relation to 2021/22 and/or prior years. Once we have finalised our review and completed any additional work arising from that correspondence, a final report will be provided with the certificate of completion detailing any qualifications and 'other' matters.

Our fee note for the limited assurance review will be issued when we certify completion.

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

Please see above.

3 External auditor certificate 2021/22

We 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 2022

We do not certify completion because:

We have received correspondence bringing information to our attention that we must consider before certifying the completion of our review and the discharging of our responsibilities.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

27/09/2022

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