

Section 3 - External Auditor Report and Certificate 2020/21

In respect of

Lower Heyford Parish Council

1 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 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors

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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 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.

The reserves held by the Council at the year-end are 2.3 times the precept. The generally accepted level of reserves for smaller authorities is less than 2 times the precept adjusted for any earmarked funds for specific projects. In the prior year, the Council held fund in relation to speed survey works to be performed. Speed monitoring equipment has been purchased during the year, but general reserves remain relatively high. We have not received an explanation for the value of reserves held at 31 March 2021 so are uncertain whether fund remain for similar projects, other projects or whether funds are higher than what is considered a normal level for the authority at the year-end date. We would urge the council to consider why it requires to hold general reserves at this level and to identify any earmarked reserves as such to prevent this being an issue in the future or the council being required to repay the excess reserves back to the District Council.

The Council has answered 'Yes' to assertion 4 of Section 1 of the Annual Governance and Accountability Return which relates to how the Notice of Public Rights was advertised within the financial year 2020-21. Therefore, it relates to the Notice announcing the public right to review the 2019-20 return which was published during 2020-21. As noted in our Auditor Report last year, this notice was not correctly advertised therefore this assertion should have been answered 'No'.

Section 14(1) of the Audit and Accounts Regulations 2015 provide that the period of public rights should be a 'single period of 30 working days'. The Council provided a period of 31 working days for the review of their records and so, whilst we consider this a trivial breach, the council should look to provide the correct period in future.

As we raised a point in our report last year in relation to the Notice of Public Rights and a further breach of the regulations has been noted for the current year, it would appear that the council has not taken appropriate steps in relation to all matters raised in internal and external audit reports and therefore the Council should also have answered 'No' to assertion 7 of section 1 of the return.

Our prior year report also pointed out that part of the return was submitted incomplete. As the 2020 return was prepared during the 2021 financial year, we would have anticipated a 'no' response in assertion 3 of Section 1 of the this year's return.

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

On initial submission of the AGAR, Box O was not completed. This was resubmitted with the box completed to show a 'Not applicable' answer which is consistent with other sections of the return and so we have no further concerns in this area.

The Internal Auditor has answered 'Yes' to Box M of their report despite the council not satisfying the Audit and Accounts (Coronavirus)(Amendment) Regulations 2020 in regard to the notice of public rights period having to start before 1 September 2020. We would therefore have anticipated this response to have been 'No'.

The Internal Auditor answered 'No' to Boxes K and L of Section 1 of the AGAR. The Council does not claim exemption and so we would expect Box K to have been answered 'Not Covered' and we have not identified any concerns in relation to the transparency code so Box L should have been answered 'Yes' or 'Not Covered'.

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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 2021.

External Auditor Name

 MOORE

External Auditor Signature



Date

28/9/2021