

Section 3 – External auditor report and certificate

In respect of:

Enter name of
smaller authority here:

Yaxham Parish Council

1. Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2017; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual 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. 2016/17 External auditor's report

Except for the matters reported below on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no other matters have come to our attention giving cause for concern that relevant legislative and regulatory requirements have not been met.

The Council has asserted in its Annual Governance Statement (assertion 2) that it 'maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness'. However, in September 2016 the former RFO received a cheque based on a false invoice from an internal auditor who did not actually exist and her assertion that she had paid this invoice and needed reimbursement from the Council. The Council's failure to challenge this payment at the time represents a significant weakness in internal control. In future, the Council should ensure that employees are only authorised to pay third parties and reclaim the costs for small, emergency payments such as postage and stationery.

The Council has asserted in its Annual Governance Statement (assertion 6) that it "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". However, the Internal Audit was actually arranged by the former RFO without the Council's knowledge nor any written terms of engagement. In November 2017 the Council formally appointed an independent person to perform the Internal Audit and complete the report in 2017/18.

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

See separate sheet.

3. 2016/17 External auditor certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2017

External auditor signature:

Mazars LLP

External auditor name:

Mazars LLP, Durham, DH1 5TS

Date:

15 December 2017

Note: The NAO issued guidance applicable to external auditors' work on 2016/17 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

3. 2016/17 External auditor's report Yaxham Parish Council

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

In undertaking the review of the 2016/2017 Annual Return it came to our attention that in 2017 the Council has not met the requirements of the 2015 Regulations to provide electors with a period of 30 working days, including the first 10 working days of July, to inspect the accounts. The public rights period initially published was too long and this could have misled the public. The Council should ensure that in 2017/2018 they comply with the Regulations and respond no to the relevant assertion in its Annual Governance Statement.

We were required to return the Annual Return to enable the Council to correct the following:

- A. Fixed assets at Box 9 was initially incorrect because the entry was not adjusted for IT equipment of £800 bought with transparency grant funding; and
- B. Interest of £20 from a savings account was initially omitted from other receipts (Box3), reserves (Box 7) and cash (Box 8). Although immaterial, this was corrected when the annual return was amended for the material fixed assets omission.

In future the Council should ensure that the Annual Return is accurate and complete.