

Section 3 – External Auditor’s Report and Certificate 2022/23

In respect of

MIDDLEHAM TOWN COUNCIL – NY0388

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

2 External auditor’s limited assurance opinion 2022/23

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 AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year’s AGAR:

- Information received from the smaller authority confirms that the AGAR has been incorrectly completed in respect of the prior year Section 2, Boxes 1, 2 and 3 which should read £139,597, £12,000 and £21,039 respectively. In addition, the smaller authority has confirmed that Section 2, Box 6 for the current year is incorrect and should read £83,057.
- Section 2, Boxes 7 and 8 for the prior year have been correctly restated to read £122,639 to agree with the prior year bank reconciliation. However, this restatement means that Section 1, Box 7 for the prior year does not agree to Boxes 1+2+3-(4+5+6). Our understanding is that this is due to incorrect accounting in the prior year, mainly in respect of trust fund transaction which went through the authority’s bank account but were omitted from the figures in Boxes 2 – 6. As the smaller authority prepares its accounts on a receipts and payments basis it should ensure that all transactions that go through the bank account are included on the AGAR in future.
- Information received from the smaller authority indicates that assets purchased during the year (playground equipment) have not been included in Section 2, Box 9.

The AGAR has not been signed in accordance with the Accounts and Audit Regulations 2015:

- Section 2 was not signed by the Responsible Finance Officer

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 1, 2, 4, 6 and 9, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified. The internal auditor has drawn attention to the same issues in the completion of the Annual Internal Audit Report, and their detailed report. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

In addition to the reasons stated for non-compliance with Assertion 1, 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.

The smaller authority should ensure that it has regard to the level of reserves held when considering future precept requests.

The smaller authority has not provided an adequate explanation for the variance between the prior and current year values in Boxes 3 and 6 of Section 2. This is due to the uncertainty regarding the prior year figures in these boxes.

3 External auditor certificate 2022/23

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 2023.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

10/04/2024