

# Annual Governance and Accountability Return 2019/20 Part 3

## To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities\*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
  - are unable to certify themselves as exempt (fee payable); or
  - have requested a limited assurance review (fee payable)

## Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2019/20

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
  - The **Annual Internal Audit Report** is completed by the authority's internal auditor.
  - **Sections 1 and 2** are to be completed and approved by the authority.
  - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published **before 1 July 2020**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2020**. Reminder letters will incur a charge of £40 +VAT:
  - the Annual Governance and Accountability Return Sections 1 and 2, together with
  - a bank reconciliation as at 31 March 2020
  - an explanation of any significant year on year variances in the accounting statements
  - notification of the commencement date of the period for the exercise of public rights
  - Annual Internal Audit Report 2019/20

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

## Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on a publicly accessible website:

Before 1 July 2020 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2019/20**, approved and signed, page 4
- **Section 2 - Accounting Statements 2019/20**, approved and signed, page 5

Not later than 30 September 2020 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

## Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2019/20

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *Proper Practices* are found in the *Practitioners' Guide*\* which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (no highlighted boxes left empty), and is properly signed and dated. Where amendments are made by the authority to the AGAR after it has been approved by the authority and before it has been reviewed by the external auditor, the Chairman and RFO should initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report if possible before approving the annual governance statement and the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2020.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide*\*.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2019) equals the balance brought forward in the current year (Box 1 of 2020).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the period for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the approved accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2020**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including <b>the dates set for the period for the exercise of public rights</b> , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', has an explanation been published?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations from last year to this year been published?		
	Has the bank reconciliation as at <b>31 March 2020</b> been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? <b>NB:</b> do not send trust accounting statements unless requested.		

\**Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.ada.org.uk](http://www.ada.org.uk)

# Annual Internal Audit Report 2019/20

ENTER NAME OF AUTHORITY

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2020.

The internal audit for 2019/20 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.			
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.			
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.			
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.			
H. Asset and investments registers were complete and accurate and properly maintained.			
I. Periodic and year-end bank account reconciliations were properly carried out.			
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.			
K. <b>IF</b> the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")</i>			
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.			
<b>M. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

DD/MM/YY

DD/MM/YY

DD/MM/YY

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

DD/MM/YY

\*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

## Section 1 – Annual Governance Statement 2019/20

We acknowledge as the members of:

### LIMPSFIELD 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 2020, 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.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	
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.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	
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.		✓	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	
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.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>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.</i>	
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>	
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.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	
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	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>
			✓	

\*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:

08/06/20

and recorded as minute reference:

MINUTE REFERENCE  
7.2

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

Chairman

*[Signature]*  
CHAIRMAN

Clerk

*[Signature]*  
CLERK

#### Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

[www.limpsfield.org](http://www.limpsfield.org)

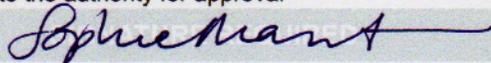
## Section 2 – Accounting Statements 2019/20 for

### LIMPSFIELD PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2019 £	31 March 2020 £	
1. Balances brought forward	30,800	35,916	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	32,470	32,470	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	12,145	4,402	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	15,149	10,494	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	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	24,350	14,699	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	35,916	47,595	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	35,916	47,595	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	99,888	102,408	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	0	0	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	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 2020 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

08/06/20

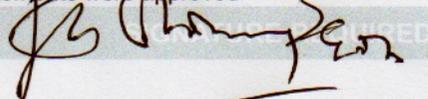
I confirm that these Accounting Statements were approved by this authority on this date:

08/06/20

as recorded in minute reference:

MINUTE REFERENCE

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



## Section 3 – External Auditor Report and Certificate 2019/20

In respect of

ENTER NAME OF AUTHORITY

### 1 Respective responsibilities of the body and the auditor

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 2020; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability 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 External auditor report 2019/20

(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 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. (\*delete as appropriate).

(continue on a separate sheet if required)

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

(continue on a separate sheet if required)

### 3 External auditor certificate 2019/20

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 2020.

\*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

\*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](http://www.nao.org.uk))

## Explanation of variances – pro forma

Name of smaller body:     LIMPSFIELD PARISH COUNCIL

The 'Practitioners' Guide' provides guidance on explaining significant variances. **Please provide full explanations, including numerical values**, for the following:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- if the total reserves (Box 7) figure is more than twice the annual precept value (Box 2).

Section 2	2018/19 £	2019/20 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
<b>Box 2</b> <i>Precept or Rates and Levies</i>					
<b>Box 3</b> <i>Total other receipts</i>	12145	4402	(7743)	(63%)	Minimal CIL income received in 2019/20 (£1207) compared to previous year (£9686)
<b>Box 4</b> <i>Staff costs</i>	15149	10578	(4571)	(30%)	2018/19 - additional staff costs outlaid for coordination of final stages of the Neighbourhood Plan (adopted May 2019).
<b>Box 5</b> <i>Loan interest/ capital repayments</i>					
<b>Box 6</b> <i>All other payments</i>	24350	14616	(9734)	(40%)	Due to high expenses for Neighbourhood Plan (largely consultancy fees) paid in 2018/19. (LNP adopted May 2019).
<b>Box 9</b> <i>Total fixed assets &amp; long term investments &amp; assets</i>	99888	102408	2520	2.5%	Addition of new VAS sign (£2520).
<b>Box 10</b> <i>Total borrowings</i>					
<b>Explanation for 'high' reserves</b>					

# BANK RECONCILIATION

This reconciliation should include all bank and building society accounts, including short term investment accounts, and agree to Box 8 in the column headed "Year ending 31 March 2020" in Section 2 of the AGAR – and will also agree to Box 7 when accounts are prepared on a receipts and payments basis

Name of smaller authority: LIMPSFIELD PARISH COUNCIL

County area (local councils and parish meetings only): SURREY COUNTY

Financial year ending 31 March 2020

Prepared by: Sophie Martin, Clerk/ RFO

Date: 31/03/2020

**Balance per bank statements as at 31/3/20:**

	£	£
PC General Expenditure Account	22,157.79	
Playground Account	17,334.43	
LNP Account	1,207.35	
CIL Account	6,895.18	
		<u>47,594.75</u>

Less: any unpresented cheques as at 31/3/20  
(normally only current account)

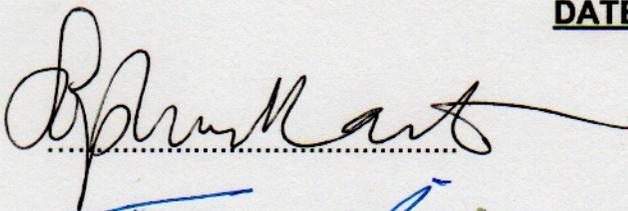
Cheque number	0.00	
	0.00	
	0.00	
		<u>0.00</u>

Net balances as at 31/3/20 (Box 8) 47,594.75

**SIGNED**

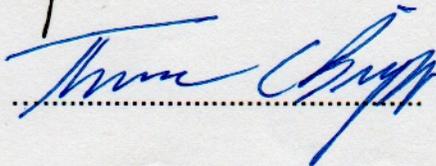
**DATE**

CLERK: SOPHIE MARTIN



4/4/20

FINANCE CHAIR: THOMAS BRIGGS



## **Limpsfield Parish Council External Audit FY 2018 to 2019**

### **Explanation to Annual Governance and Accountability Return for 2018/19**

#### **Background**

The Limpsfield Parish Council (LPC) external auditors submitted its review of the LPC accounts and Annual Governance & Accountability Return for the FY 2018-2019 on 30 September 2019. LPC were initially informed that the audit was not completed on time, but in a subsequent communication the Council were told that the audit was completed by the 30 September deadline.

The external auditor certified that it had completed its review of Sections 1 and 2 of the Annual Governance and Accountability Return. As instructed by the external auditor, a notice was placed on the LPC website along with the AGAR (sections 1, 2 and 3).

The external auditor's final audited report (section 3) identified the following "except for" matters:

- The AGAR was not accurately completed before submission for review. The figures in Section 2, Boxes 3 of the prior year comparative column do not agree to the prior year final signed AGAR.
- The smaller authority has disclosed that it made proper provision during the year 2018/19 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. It has also disclosed that it took appropriate action on all matters raised in reports from internal and external audit, by answering 'Yes' to Section 1, Assertion 7, which, on the basis of the above, is not correct.
- The smaller authority failed to approve the AGAR in time to publish it before 1 July 2019, the date required by the Accounts and Audit Regulations 2015 and did not disclose this by answering 'No' to Section 1, Box 1.

Except for the matters listed above, the auditor concluded that "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."

#### **Explanation of "Except for" Matters:**

**1. The AGAR was not accurately completed before submission for review.** The error in Section 2, Boxes 3 of the comparative column refers to a typo in the transposition of the "Total other receipts" for the Year ending 31 March 2018. That number should be "3,726", not the incorrect "3,276" stated in the box. Line 7 ("Balances carried forward" "30,800") does not change as the numbers now tally correctly with the correction to the typo.

**2. Proper Provision for the exercise of public rights.** The External Auditor indicates that boxes 1, 4 and 7 of section 1 of the AGAR were incorrectly marked "yes", as the AGAR was not made available for public inspection on the LPC website by the 1 July deadline.

Consequently, the Auditor believes these sections should be marked “no” with an explanation provided to the Auditor.

Council AGAR approval and publication did not occur until 15 July 2019. There are two reasons for delay: 1) the signed Internal Audit report (which was approved before 1 July) was not available for examination and approval by the Council at its June meeting. Therefore, it could not be approved by the Council prior to the 1 July deadline; and 2) in the absence of the Clerk/RFO there was confusion about the proper procedures for approving and publishing the AGAR. This was rectified after a meeting of the Council held on 15 July 2019.

Despite the delay in publication, LPC believes that it has satisfied the primary underlying objectives of ensuring a sound system of internal and external control. LPC has 1) “prepared its accounting statements in accordance with the Accounts and Audit Regulations (except for delay in publication), 2) during the year it gave all persons interested the opportunity to inspect and ask questions about the authority’s accounts, and 3) responded to matters brought to its attention by internal and external audit.

### **Accounting and Control Improvements Being Adopted**

To avoid the errors identified by the External Auditor, the LPC is taking the following measures:

- Centralising the accounting and auditing functions and services within the LPC Finance Committee.
- Reviewing and revising the Council records retention policy.
- Providing adequate training for the Clerk/RFO and other Councillors.
- Prohibit the Clerk/RFO from being absent at times when key filings are due.
- Improving procedures to ensure that key items are acted/voted upon by the Council prior to regulatory deadlines.

Cllr Thomas C Briggs  
Chair  
LPC Finance Committee

**Councillor Thomas C Briggs**  
**Chair of Finance Committee**  
**Limpsfield Parish Council**  
**P.O. Box 309**  
**Oxted, RH8 0DF**

PKF Littlejohn, LLP

RE: Limpsfield Parish Council SU 0049 - External Audit FY 2018-2019

Dear Sir or Madam,

Limpsfield Parish Council is completing its Internal Audit for the Fiscal Year ending 31 March 2020 and has raised a minor question with regard to your Final External Auditor Report and Certificate for Fiscal Year 2018/2019, dated 30 September 2019.

As you may recall, our Council failed to approve the AGAR for FY 2018/19 and publish it for public inspection prior to the 1 July 2019 deadline. Consequently, the Council incorrectly asserted (Assertion 4) that it made proper provision during the year for the exercise of public inspection rights. Specifically, your audit report stated:

The smaller authority has disclosed that it made proper provision during the year 2018/19 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. It has also disclosed that it took appropriate action on all matters raised in reports from internal and external audit, by answering ‘Yes’ to Section 1, Assertion 7, which, on the basis of the above, is not correct.

During the course of our internal audit for FY 2019/20, the Council has been advised that we must answer “No” to Assertion 4 of Section 1 (Annual Governance Statement) of the AGAR, given that we failed to meet the 1 July 2019 deadline for the previous AGAR relating to FY 2018/2019. This advice was questioned, as the assertions are “with respect to the Accounting Statements for the year ended 31 March 2020.”

In response to our query, we were directed to the following section of the *Practitioners’ Guide* ( March 2020) of the National Association of Local Councils Joint Panel on Accountability and Governance (JPAG):

5.84. Assertion 4 in the annual governance statement relates to the exercise of public rights ‘during the year’ which means in relation to the Annual Governance and Accountability Return for the previous financial year. For example, when completing the 2019/20 Annual Governance and Accountability Return, assertion 4 refers to the exercise of public rights for the 2018/19 Annual Governance and Accountability Return taking place in June/July/August 2019. The common period of inspection for the 2018/19 Annual Governance and Accountability Return is 1 to 12 July 2019.

If I am interpreting this correctly, this statement suggests that Assertion 4 relates to the Accounting Statements for the previous Fiscal Year, which means that our internal auditor's advice is correct. Specifically, on the AGAR we are about to complete and publish for inspection before submitting it to the external auditor, we must state "No" to Assertion 4 – i.e., the Council did not make proper provision for the exercise of public rights with respect to FY 2018/19.

If this is the correct interpretation of Assertion 4, then your External Audit for our FY 2018/19 AGAR is not accurate. If Assertion 4 of the AGAR is in relation to the previous fiscal year (i.e., FY 2017/2018), then the Council did satisfy the test in Assertion 4 as we did provide timely public inspection rights in July 2018. Therefore, we correctly answered "yes" to both assertion 4 and 7.

If you agree with this interpretation, can you please send us a written statement correcting the error. If we are not interpreting the regulations correctly, can you indicate as to why in a written response. The Council does not want to be in a position of incorrectly answering an assertion which will cause the External Auditor to object to nor do we wish to confuse the public when the AGAR is published.

Thank you for your time and consideration.

Thomas C Briggs

**From:** SBA SBA@pkf-littlejohn.com   
**Subject:** RE: Limpsfield Parish Council External Audit SU0049  
**Date:** 1 June 2020 at 10:14  
**To:** Thomas Briggs tbriggs62@gmail.com  
**Cc:** LPC Clerk clerk@limpsfield.org, SBA SBA@pkf-littlejohn.com



Dear Mr Briggs

Thank you for your email. You are correct that Assertion 4 is a 'backward' looking Assertion in that it is referring to the public rights period that took place **during** the year not in res responding to Assertion 4 on the AGAR for 2019/20. To clarify we would be expecting a 'No' response on the 2019/20 AGAR.

The second point you make is in respect of the 'except for matter' raised in our report for 2018/19. This was due to the fact that we raised an 'other matter' in the prior year highlight with the guidance notes provided, the date of the announcement must be at least one day prior to the start of the public rights period. Therefore we expected the response to Asse

No amendments are required to our report and we hope the above provides clarification for the reason why the matters were raised.

Kind regards

**SBA Team**  
For and on behalf of PKF Littlejohn LLP  
T +44 (0) 20 7516 2200  
[sba@pkf-littlejohn.com](mailto:sba@pkf-littlejohn.com)

For and on behalf of  
**PKF Littlejohn LLP**  
15 Westferry Circus  
London E14 4HD  
United Kingdom  
[www.pkf-littlejohn.com](http://www.pkf-littlejohn.com)

Tel: +44(0)20 7516 2200



PKF Littlejohn LLP, Chartered Accountants

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**From:** Thomas Briggs <tbriggs62@gmail.com>  
**Sent:** 27 May 2020 17:20  
**To:** SBA <SBA@pkf-littlejohn.com>  
**Cc:** 'LPC Clerk' <clerk@limpsfield.org>  
**Subject:** Limpsfield Parish Council External Audit SU0049

Hello, we have a question about the external audit from last year. Please see attached.

Thomas C. Briggs  
Ballards Oak  
Ballards Lane  
Oxted, RH8 0SN  
UK  
+44 (0)793 525 7039