

Final External Auditor Report and Certificate 2019/20 in respect of Church Stretton Town Council SH0046

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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.

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On 26 November 2020, 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 2020. 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.

The smaller authority failed to approve the AGAR in time to publish it before 1 September 2020, the date required by the Accounts and Audit Regulations 2015 as amended by SI 2020/404 the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, and did not disclose this by answering 'No' to Section 1, Box 1. At the date of this report, the AGAR is still not published on the smaller authority's website.

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

- Section 2 was approved before Section 1.

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:

- Section 2, Box 2, the annual precept, does not agree to the figure published by the precepting authority due to a transcription error. The figure in Box 2 should read £396,835.
- Section 2, Box 8 does not agree to the bank reconciliation submitted for review.
- The figures in Section 2, Boxes 9 and 10 of the prior year comparative column do not agree to the prior year final signed AGAR. Box 9 should read £4,445,402 and Box 10 should read £39,921 to agree to the PWLB year end data (Box 10) and the prior year AGAR.

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Section 1, Assertion 1, 2, 3, 6, 8 & 9 have been incorrectly completed, the 'Yes' responses are not consistent with the information in the Annual Internal Audit Report and the internal auditor's detailed reports. All of these assertions should have been answered 'No'.

The smaller authority has not addressed the 'except for' matter raised by the external auditor when qualifying the prior year annual return. The smaller authority has not yet actioned weaknesses relating to risk management arrangements and as a result (correctly) responded 'No' to Section 1, Assertion 5. On this basis, the smaller authority's response to Section 1, Assertion 7 is incorrect and should also have been answered 'No'.

The Council resolved at an Extraordinary Council Meeting on 2 March 2021 that it should have responded 'No' to all the assertions mentioned above in recognition of its historic failures in governance and accountability. We recognise that the current Responsible Finance Officer and Council staff have made and continue to make improvements in internal control to address the many weaknesses identified by themselves and the internal auditor during 2019/20.

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

The annual internal audit report focuses on a series of internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority.

In the completion of the Annual Internal Audit Report, and their detailed reports, the internal auditor has drawn attention to many significant weaknesses in relation to Internal Control Objectives B, C, D, E, G, H, and M. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

We note that the internal auditor has not provided a conclusion on internal control objective L, since they were newly appointed in 2019/20.

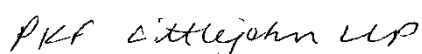
We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as amended by SI 2020/404 the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 as it failed to make proper provision during the year 2020/21 for the exercise of public rights, since the period for the exercise of public rights did not start on or before 1 September 2020 and the correct documentation was not published. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2020/21 and ensure that it makes proper provision for the exercise of public rights during 2021/22.

The smaller authority has confirmed that it has not complied with the governance assertion in Section 1, Box 5, and it has provided the appointed auditor with an adequate explanation for non-compliance.

We received challenge correspondence in relation to the 2019/20 AGAR which we considered before completing our work. The Council will receive an invoice in relation to this additional work.

External auditor certificate 2019/20

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 2020.

**PKF Littlejohn LLP****24/03/2021**

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