



Grant Thornton

Our ref: MH/LTM/LAR/WKS130

Mr D Armstrong
Luddington Parish Council

07 March 2017

Dear Mr Armstrong

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Luddington Parish Council
Audit for the year ended 31 March 2016

Please find enclosed the certified Annual Return for Luddington Parish Council for the year ended 31 March 2016.

In accordance with the Audit Commission's scale of audit fees for small bodies there is no audit fee payable as the income and expenditure for the year ended 31 March 2016 are both less than £10,000. We are invoicing additional fees of £288.75

You will be invoiced £288.75 plus VAT within the next few days. Please return your payment in line with the remittance advice you will receive with your invoice.

Satisfaction survey

Please find enclosed our audit satisfaction survey that Public Sector Audit Appointments has requested we ask you to complete. We would be grateful if you could complete and return the form to us by post to the address above. Alternatively you can complete the survey online or return the form to us by e mail. Instructions are on the survey enclosed.

Notice of Conclusion of Audit

A copy of the Notice of Conclusion of Audit is enclosed for completion. Please note that you must publish the information on a free to access website*

2016/17 audit

As you may be aware, the Joint Practitioners' Advisory Group (JPAG), Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities has now published the 2016 edition of '*Governance and Accountability for Smaller Authorities in England, A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements, March 2016.*' The 2016 edition applies to Annual Returns in respect of financial years commencing on or after 01 April 2016.

Yours sincerely

Grant Thornton UK LLP.

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*Parish Meetings without access to a public website must display the information in a conspicuous place in the area of the authority for at least 14 days.

Chartered Accountants

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This page is part of Section 3 - External auditor certificate and opinion 2015/16

Luddington Parish Council

External Auditor Report for the year ended 31 March 2016

Matters reported

Period for the exercise of public rights and late approval of the Annual governance statement and the Accounting statements

The Accounts and Audit Regulations 2015 (the Regulations), sections 6, 12 and 13 set out the requirements for approval and publishing of the Annual governance statement and the Accounting statements. The Local Audit and Accountability Act 2014 (the Act), sections 26 and 27, and the Regulations, sections 14 and 15, set out the requirements for the period for the exercise of public rights of objection, inspection and questioning of the external auditor. Section 14(1) of the Regulations stipulates that any rights of objection, inspection and questioning of the external auditor conferred by sections 26 and 27 of the Act may only be exercised within a single period of 30 working days and section 15(1)(b) stipulates that the commencement of the period for the exercise of public rights covers the first 10 working days of July of the financial year immediately following the end of the financial year to which the statement relates.

Luddington Parish Council approved its Annual governance statement and Accounting statements on 19 April 2016 but did not publish them on its website until 30 January 2017 with a commencement date for the exercise of public rights of 31 January 2017. This means that the Council did not approve and publish the Annual governance statement and Accounting statements in line with the statutory requirement for the exercise of public rights to cover the first 10 working days of July 2016. Due to the late commencement of public rights, the Parish Council has not met the requirements of the Act and the Regulations although it has allowed 30 working days for any inspection of the accounts. As the external auditor, this year we have withheld our certification of the Annual Return until the end of the period published by the Parish Council in its Notice to ensure that public rights are not perceived to be denied due to an incorrect Notice and late approval of the accounts.

In our view, the correct response to Assertion 1 on Section 1, the Annual governance statement, should be 'No'.

In the future, the Parish Council must ensure that it complies with the law and Regulations to ensure that the dates for the exercise of public rights are properly calculated and published and cover a single period of 30 working days. The Parish Council should also consider the impact of this failure on its disclosures in the 2016/17 Annual Return.

This page is part of Section 3 - External auditor certificate and opinion 2015/16

**Luddington Parish Council
External Auditor Report for the year ended 31 March 2016**

Matters reported - continued

Section 1 – Assertion 5, Risk Assessment

The Council has not taken undertaken a risk assessment during 2015/16 but has answered 'Yes' to Assertion 5 in Section 1, the Annual governance statement. This was also identified by the person carrying out the internal audit as Objective C in the Annual internal audit report was answered as 'No'. The Clerk has confirmed that steps are now in place to undertake a risk assessment and review it at least annually.

A risk assessment should be performed at least annually and as a minimum, members should:

- take steps to identify the key risks facing the Parish Council
- evaluate potential consequences to the Council if an event identified as a risk takes place; and
- decide upon appropriate measures to avoid, reduce or control the risk or its consequences.

This might involve insurance or the implementation of internal controls.

More guidance on risk management can be found in the NALC / SLCC publication "Governance and Accountability for Local Councils – A Practitioners Guide (England)" at paragraphs 2.99 to 2.116.

In our view the response to Assertion 5 on Section 1 of the Annual Return should have been "No".

Council Tax Support Grant 2014/15 and 2015/16

We reported in the 2013/14 and 2014/15 external auditor reports that Council Tax Support Grant had been incorrectly included in Box 2. The Council has again included Council Tax Support Grant of £340 in Box 2 for 2015/16 and has not restated the comparative figures for 2014/15. The figures should be:

2015: Box 2 – Precept or Rates and Levies £4,370; Box 3 – Total other receipts £440

2016: Box 2 - Precept or Rates and Levies £4,925; Box 3 – Total other receipts £1,533.

The Council has not taken appropriate action on all matters raised in reports from the external auditor. In our view the correct response to Assertion 7 on Section 1 of the Annual Return is "No".

This page is part of Section 3 - External auditor certificate and opinion 2015/16

Luddington Parish Council

External Auditor Report for the year ended 31 March 2016

Other matters not affecting our opinion which we wish to draw to the attention of Luddington Parish Council for the year ended 31 March 2016

Section 2, Accounting statements, Box 11, Trust funds

Box 11 on Section 2, the Trust funds disclosure note, was left unanswered for 2015/16 on the Annual Return. The Council has confirmed that it does not act as a sole trustee nor is it responsible for managing trust funds or assets and so this box should read 'No'.

In future the Council should ensure the Annual Return is complete (i.e. no empty highlighted boxes).

Fixed Asset Register

The person who carried out the internal audit of the Council answered 'No' to Objective H of the Annual internal auditor report 2015/16. This was because the Parish Council did not accurately maintain its register of fixed assets during the year. The Clerk has confirmed that steps have been taken for a formal schedule of assets to be maintained and accurately and regularly updated.

In Section 2, Box 9 total fixed assets is understated by £618 due to the omission of a bench and should read £14,818. The Council should restate the 2016 figure on next year's Annual Return and write 'Restated' beneath the £ sign on the 2016 column.

Bank reconciliations

The person who carried out the internal audit of the Council answered 'No' to Objective I of the Annual internal auditor report 2015/16 as the Parish Council failed to publish periodic and year-end bank reconciliations. The Parish Council has stated that in future, bank reconciliations will be published for each Parish Council meeting and at year end.

This page is part of Section 3 - External auditor certificate and opinion 2015/16

**Luddington Parish Council
External Auditor Report for the year ended 31 March 2016**

**Other matters not affecting our opinion which we wish to draw to the attention
of Luddington Parish Council for the year ended 31 March 2016 - continued**

Additional work to report on the Annual Return

Luddington Parish Council approved its Annual governance statement and Accounting statements on 19 April 2016 but did not publish them, provide for the exercise of public rights or submit the Annual Return to the external auditor. Following several reminders over a number of months and our Public Interest Report dated 21 December 2016 the Parish Council published the notice and statements on its website on 30 January 2017 with a commencement date for the exercise of public rights of 31 January 2017. The Annual Return was received by the external auditors on 01 February 2017. Due to the above, additional work was required to report on the Annual Return and additional fees incurred.

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Date *3/3/17*

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