

Section 3 – External Auditor Report and Certificate 2018/19

In respect of **Watchet Town Council - SO0280**

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 2019; 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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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 has not addressed the 'except for' matters raised by the external auditor when qualifying the prior year annual return: The authority was instructed to prepare its accounts on an income and expenditure basis as it is the third year that the income and/or expenditure has exceeded £200,000; however, the accounts were prepared on a receipts and payments basis. As such, the 2017/18 figures have not been restated in the prior year comparatives in this year's AGAR. Section 1, Assertion 1 has been incorrectly completed as the accounting statements prepared during the year did not follow the correct accounting basis, as a receipts and payments method was also applied for 2018/19.

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.

Section 1 Assertion 5 has not been accurately completed. This is because the smaller authority has confirmed that an annual review of risk management arrangements was not completed within the financial year; however, it should be noted that the Council has drafted a Risk Register which is to be reviewed in September 2019.

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

None.

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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 2019.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

23/09/2019

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2018/19 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)