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Mr G Earnshaw
Badsworth Parish Council

By email

Our ref AJS/SAAA/WY0008
Your ref

Email sba@pkf-littlejohn.com

05 March 2021

Dear Members

Badsworth Parish Council
Recommendations under section 27(6) of the Local Audit and Accountability Act 2014 (the Act): Governance weaknesses in relation to the Annual Governance & Accountability Return (AGAR) for the year ending 31 March 2018.

The Local Audit and Accountability Act 2014 (the Act) requires that the accounts of smaller authorities are made up each year to 31 March and then reviewed by the appointed auditor, unless the smaller authority meets the eligibility criteria set out in Regulation 9(3) of the Local Audit (Smaller Authorities) Regulations 2015 and wishes to certify exemption.

We are the appointed auditors to Badsworth Parish Council (BPC) for the years ended 31 March 2018 to 31 March 2022. BPC met the criteria to claim exemption for the year ended 31 March 2018 and submitted an exemption certificate to us in respect of that reporting year. Accordingly we have not performed a limited assurance review of BPC's AGAR.

Information has been brought to our attention about BPC for the year ended 31 March 2018, however, and as a result of that information we are raising the following recommendations under Section 27(6) of the Act. Recommendations under this section of the Act do not place any statutory requirements on BPC in terms of considering or responding to the recommendations; however, it would demonstrate good governance if BPC would consider taking action in respect of the recommendations listed below.

1) It is recommended that BPC ensures in future that the AGAR and Notice regarding the period for the exercise of public rights are published in accordance with the deadlines set out in the Accounts and Audit Regulations 2015. In the case that the AGAR is not published until after the deadline then BPC should ensure that the Assertions in the Annual Governance Statement are answered appropriately and an explanation provided for any "No" responses.
2) It is recommended that resolutions that are made during meetings are clearly minuted as such in accordance with the Council's Standing Orders. It is further recommended that the approval of the Annual Governance and Accountability Return (AGAR) is carried out by means of a resolution that clearly demonstrates separate approval of Sections 1 and 2 of the form carried out in that order,

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and that that resolution is clearly minuted. The decision as to whether to claim exemption from a limited assurance review should also be carried out by means of a resolution that is clearly minuted as such.

3) It is recommended that BPC publishes its year end financial information in accordance with the Transparency Code for Smaller Authorities and that all of the required supporting documentation is published on the website together with the AGAR and exemption certificate. This should include a bank reconciliation that agrees to Section 2, Box 8 of the AGAR and an explanation of all significant variances.
4) It is recommended that BPC ensures that the fixed asset register is kept up to date and includes enough information so as to be clear as to the date at which the information is presented. This could be achieved by including the purchase date for each asset held. Retaining a copy of the fixed asset register as at each financial year end would be an additional control to ensure the correct fixed asset figure is included in Section 2, Box 9 of the AGAR.
5) It is recommended that, in accordance with Proper Practices, bank reconciliations are carried out for all of the Council's bank accounts as at the year end and that these are reconciled back to the figure in Section 2, Box 8 of the AGAR prior to publishing them on the website.
6) It is recommended that as part of the year end procedures BPC carries out an analysis of the variances between the current year and prior year figures in the Accounting Statements in Section 2 of the AGAR and that explanations are provided for any movements of 15% or higher. As noted above in recommendation (3), these explanations should be published on the website together with the AGAR in accordance with the Transparency Code.

This letter gives rise to additional fees payable by Badsworth Parish Council on conclusion of the process, This is for the additional work involved in receiving, considering and concluding on challenge correspondence and the production of this letter.

Yours faithfully

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