

Section 3 – External auditor report and certificate

In respect of:

Enter name of
smaller authority here:

STANTON UNDER BARDON PARISH COUNCIL

1. Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2017; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual 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. 2016/17 External auditor report

(Except for the matters reported below)* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no other matters have come to our attention giving cause for concern that relevant legislative 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 smaller authority:

SEE ATTACHED.

(continue on a separate sheet if required)

3. 2016/17 External auditor certificate

We certify/do not certify* that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2017.

* We do not certify completion because:

External auditor signature

Grant Thornton UK LLP

External auditor name

Grant Thornton UK LLP

Date

19 February 2018

Note: The NAO issued guidance applicable to external auditors' work on 2016/17 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

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Matters reported

No matters to report.

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

Order of signing the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2)

The Parish Council has considered, approved and signed the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2) on the same day and under the same minute reference. The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be considered, approved and signed by resolution of members of the authority meeting as a whole, before the Accounting Statements at Section 2 are approved. In future, the Parish Council should ensure that the minute references clearly demonstrate that the Annual Governance Statement was considered, approved and signed before the Accounting Statements.

Council Tax Support Grant

We reported in our 2015/16 audit report that Council Tax Support Grant of £715 had been incorrectly included in Box 2. The Council has not restated the comparative figures for 2015/16.

The correct figures are:

2015/16

Box 2 – Precept or Rates and Levies £10,460

Box 3 – Total other receipts £36,864

High level of reserves

We note that the Council holds a high level of general reserves - approximately 14.7 times the annual precept for 2016/17.

The Council should consider the level of general reserves required and consider taking steps to reduce the level of reserves in future years if necessary. We would remind the Council that there are restrictions on the expenditure of capital receipts and any planned spending must be within the Council's powers.

Eligibility for VAT recovery

In the financial year 2016/17 the Council received a VAT refund of £75,000 based on the invoiced value of the new village hall. VAT Notice 749, section 11, sets out the basis under which local authorities including parish councils may recover VAT input tax on community projects and village halls. Although the Council took advice ahead of the decision to

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undertake the transaction, the records are incomplete and the basis for the recovery of the VAT is unclear.

When undertaking significant transactions, the Council should ensure it obtains suitable expert advice to support members when making decisions and ensure transparency and accountability. Such advice should be retained for future reference.

Grant Thornton UK LLP

Grant Thornton UK LLP

19 February 2018

Our ref LCS230