

Section 3 - External Auditor Report and Certificate 2024/25

In respect of

Felpham Parish Council

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

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 2025; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors

2 External auditor limited assurance opinion 2024/25

Except for the matters reported below on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with the 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.

On review of the council's earmarked reserves summary and income & expenditure account for the year ended 31 March 2025, it is noted that the amount within earmarked reserves at the year end exceeds the total reserves held at that time. This indicates that the council has overspent its general reserve fund by £20,332. Whilst we also note that that overall reserve position is positive at the year end, the council are required monitor its actual outturn during the year against that budgeted and take any necessary steps to ensure funds are available for necessary spending. We would have anticipated the council taking formal decisions to re-designate previously earmarked funds to increase the amount of general funds available for spending. The council does not therefore appear to have met the requirements of paragraph 1.8 of JPAG Practitioners' Guide 2024, nor followed its own financial regulations, which state at paragraphs 4.2 and 4.3 that the council are not allowed to overspend on their budget headings except in certain specific circumstances authorised by the council. As a result, we would have expected Assertion 1 on the Annual Governance Statement to be answered 'No'. The Internal Auditor has recorded that the council monitors its spending against budgets. However, this should include the level of total reserves and those earmarked for projects to ensure that there remains sufficient general reserves to meet 3 months of total expenditure as a minimum.

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

As noted in the point raised above, we feel that the council's level of general reserves held are not considered appropriate. Therefore, we believe that a 'No' response to control objective D would have been more appropriate.

The Internal Auditor did not complete control objective O on the Annual Internal Audit Report. Given the council are not a sole trustee, the response to this control objective should have been 'Not applicable'.

Section 2 of the AGAR was initially submitted without the Trust Fund disclosures in Box 11a and Box 11b completed. This was later resubmitted with a 'No' answer to Box 11a and 'N/A' answer to Box 11b which was in line with our expectations and so there are no further concerns in this area.

Please note that the reconciliation between boxes 7 and 8 was not provided to us on the initial submission of the AGAR and supporting documentation. It was later provided on request. Please would you ensure this document is included within the initial submission going forwards.

3 External auditor certificate 2024/25

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 2025.

External Auditor Name



External Auditor Signature

A handwritten signature in black ink, appearing to read "Moore", written over a horizontal line.

Date

09/09/2025