

**Final External Auditor Report and Certificate 2023/24 in respect of
Nafferton Parish Council HU0164**

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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 2024; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

External auditor's limited assurance opinion 2023/24

On 19 September 2024, we issued a report detailing the results of our limited assurance review of Sections 1 and 2 of this authority's Annual Governance & Accountability Return for the year ended 31 March 2024. We explained that we were unable to certify completion of the review at that time. We are now in a position to certify completion of the review.

The external auditor report given in Section 3 of the Annual Governance & Accountability Return requires amendments as follows:

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.

1. The smaller authority has disclosed that it made proper provision during the year 2023/24 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.
2. The smaller authority has disclosed that it maintained an adequate and effective system of internal audit of the accounting records and control systems, by answering 'Yes' to Section 1, Assertion 6. However, as was reported last year, we are aware that it failed to do this and therefore should have answered 'No' to this Assertion.

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3. The AGAR was not fully completed before submission for review:
 - Section 2, Boxes 11a and 11b of the AGAR have not been completed. The smaller authority has confirmed that it is a sole managing trustee but that the figures in the accounting statement incorrectly include trust fund transactions in most of the boxes in its 2023/24 Accounting Statements (balances brought forward; other receipts; staff costs; payments; balances carried forward; cash and short term investments; and fixed assets). The responses should be 'Yes', and 'No' respectively.
4. In our view, the Council should have answered 'No' to Assertion 9 in the 2023/24 AGAR. The Council has commented that it is the Sole Corporate Trustee for Nafferton Recreation Club (the Charity) and that the assets of the Charity have been included in the Council's AGAR report Section 2 since the Council agreed to being the trustee. This is incorrect and has therefore always been incorrect since the Council became the sole managing trustee. Having reviewed the last several years' AGARs, each year the Council has completed the Box 11 declaration to indicate that it has correctly excluded the trust's accounts from the AGAR accounting statements. This year due to the objections received to the 2023/24 AGAR, it has come to our attention that these declarations and the Council's AGAR Accounting Statements have been completed incorrectly in prior years. In the 2023/24 AGAR, the declarations at Boxes 11a and 11b have been left blank, as noted above.

In addition, we note from a review of the Charity Commission website that the Charity returns for 2021/22 and 2022/23 include the PKF Littlejohn LLP external auditor completion paperwork issued to the Council for its AGARs under the limited assurance regime. We also note that the 2023/24 return was added on 10 July 2025, but with no certification. However, as appointed external auditor to the Council, we have no responsibilities for the review of the Charity or any other trust funds under the limited assurance regime. As the income for the Charity has exceeded £25,000, then the Charity Commission requires the trustee to arrange an independent examination of the Charity's accounts. It is important that the trustee understands that a limited assurance review of the Council's AGAR and an independent examination of the Charity's accounts are not the same and under no circumstances can they be interchangeable.

Consequently, the Council should have answered 'No' to Assertion 9 in the 2023/24 AGAR, and should also regularise 2023/24 and prior years' accounts of the Charity by arranging an independent examination of those accounts.

5. The Council comments that it has reclaimed the VAT from HMRC on behalf of the Council and the Charity. We note that paragraph 5.119 of the Practitioners' Guide specifically draws attention to the different regimes under which parish councils and charities reclaim VAT. Consequently, the Council and the Charity should be reclaiming VAT separately to avoid potential complexities and errors that could arise under the different regimes. This is a further reason that the Council should have answered 'No' to Assertion 9 and that the Council should have ticked 'Yes' to Box 11a; and 'No' to Box 11b, based on the figures included in the 2023/24 Accounting Statement.

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

1. The Council comments that it rents the allotments from the Charity as an amenity for the Parish – allotment income from parishioners is then received by the Council and allotment expenses are paid by the Council. We would expect a formal signed lease agreement to be in place for the allotments so that responsibilities for all aspects are clear to the Council and the Charity. We further note that there exists a draft rental agreement. Given that the arrangement relating to the allotments appears to have been in place for some time, this does not seem to be appropriate. We consider that the Council needs to regularise the position regarding the allotments with the Charity as soon as possible.
2. We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2024/25 for the exercise of public rights, since the notice regarding the period for the exercise of public rights was not published before the start of the period and was dated the same day as the starting date. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2024/25 and ensure that it makes proper provision for the exercise of public rights during 2025/26.

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3. The Annual Internal Audit Report focuses on a series of internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority. We note that the internal auditor has not provided a conclusion on internal control objective O in respect of trust funds. The Annual Internal Audit Report will inform the authority's response to Assertions 2 and 6 in the annual governance statement. As a result, the authority must ensure that assurance that has not been provided via these control objectives has been sought elsewhere.
4. We received challenge correspondence in relation to the 2023/24 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.

External auditor certificate 2023/24

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance & Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2024.

PKF Littlejohn LLP

PKF Littlejohn LLP

15/09/2025