

**This page is part of Section 3 - External auditor certificate and opinion 2016/17
Kemble and Ewen Parish Council
External Auditor Report for the year ended 31 March 2017**

Matters reported

'No' Responses to Sections 1 and 4

We reported in our 2015/16 Audit Report that the Internal Auditor had answered 'no' to Objectives D and I, indicating a lack of adequate budgetary process, and periodic bank account reconciliations were not properly carried out. The Internal Auditor has again answered 'no' to Objectives D, and I in the 2016/17 annual return. The Authority has accordingly answered 'no' to Boxes 1, 5, and 6 in Section 1 and provided a commentary on the issues. Although they do plan to resolve them in the coming year, this indicates that the Authority has not taken appropriate action on all matters raised in reports from the external auditor.

In our view the correct response to Assertion 7 on Section 1 of the Annual Return is "No".

Risk Assessment

The Authority has not taken undertaken a risk assessment.

A risk assessment should be performed at least annually and as a minimum, members should:

- take steps to identify the key risks facing the Authority
- evaluate potential consequences to the Authority if an event identified as a risk takes place; and
- decide upon appropriate measures to avoid, reduce or control the risk or its consequences. This might involve insurance or the implementation of internal controls.

More guidance on risk management can be found in the NALC / SLCC publication "Governance and Accountability for Local Councils – A Practitioners Guide (England)" at paragraphs 2.99 to 2.116.



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

Internal Auditor's Report

The internal auditor has answered 'Yes' to Objective F in relation to petty cash. This should state 'not covered' as the Authority does not operate a petty cash system. Additionally, The Internal Auditor has replied 'Yes' to Internal Control Objective C, "The smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these". The Authority has responded 'No' to Assertion 5 in Section 1 of the Annual Return which is inconsistent with the Annual Internal Audit report.

The Authority should ensure that the internal auditor's report is reviewed before sending the Annual return to the external auditors. The Authority should minute this process. If there are any errors in the internal auditors report it should either be amended by the Internal Auditor or the Authority should provide an explanation for the error.

The Authority should review the findings of the Internal Audit report and ensure declarations made within the Annual Governance Statement are consistent with it.

A handwritten signature in black ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, flowing style.

Grant Thornton UK LLP

Date 19/09/2017

Our ref GLS126