

External Audit 2023-24 – Auditor’s Interim Report

1. Purpose

- To receive the External Auditor’s Interim Report and Certificate for the year ended 31 March 2024.
- For Councillors to note this report.

2. Background

2.1. Local Councils are required to complete an Annual Governance and Accountability Return (AGAR). The AGAR is a set of documents and financial statements that local councils are required to prepare and submit for each year and is an essential part of the external audit process. The AGAR serves several purposes:

- **Accountability:** The AGAR provides a transparent and accountable overview of a council's financial activities, governance procedures, and decision-making processes. It allows the council to demonstrate its stewardship of public funds and adherence to legal and financial regulations.
- **Compliance:** The AGAR helps ensure that local councils comply with statutory requirements and regulations. It includes information on the council's financial management, internal control procedures, and adherence to relevant laws and regulations.
- **Transparency:** By making the AGAR publicly available, local councils provide transparency and openness to their constituents. It allows residents and other stakeholders to review the council's financial performance, budgeting decisions, and governance arrangements.
- **External Audit:** The AGAR serves as a basis for the external audit of a local council's financial statements. Once the council completes the AGAR, it is submitted to an external auditor appointed by the Audit Commission or another approved auditor. The auditor reviews the AGAR and issues an audit opinion, assessing the council's compliance and the accuracy of its financial statements.
- **Financial Assurance:** The AGAR helps provide assurance to the council and its stakeholders that the financial operations are conducted in a responsible and proper manner. It ensures that the council's accounts are accurate, complete, and reflective of the council's financial position.

2.2. WHPC Annual Return for 2023-24

At the WHPC meeting on 4th June 2024 it was reported (Minute 24/196) that the Internal Audit (Review of the effectiveness of the system of internal control) had been completed and the internal report had been circulated to Councillors for consideration. No matters of concerns had been identified during the audit. The Internal Auditor had been appointed by all Councillors at the WHPC 7th November 2023 (Min 23/247).

Councillors completed and unanimously resolved to sign the Annual Governance Statement and Accounting Statement for 2023-24 (published on the WHPC website) (Minutes 24/196 + 197).

2.3. Challenge to WHPC Annual Return for 2023-24

It was reported to the WHPC meeting held on 5th August 2024 that an Objector had submitted 5 objections against the WHPC Annual Return for 2023-2024:

- Objection 1 Assertion 1 and 6 accounting in accordance with the Accounts and Audit Regulations. (*Appointment of Internal Auditor*).
- Objection 2 Exceeding legal powers and proper practices.
- Objection 3 Deliberately obstructed an interested person from inspecting the accounts and ask questions of the authority.
- Objection 4 Not dealing properly with risks
- Objection 5 Not disclosing everything it should have.

The Parish Council awaits the External Auditor's decision as to eligibility of each of the objections and whether they are accepted for consideration.

3. For Consideration

3.1. On 23rd September 2024 WHPC received the External Auditor's Interim Report and Certificate (Section 3 of the AGAR) for the year ending 31st March 2024 (Appendix 1).

The Auditor's "standard" annual review of the WHPC Annual return for 2023-24 identified no matters of concern. The Interim Certificate states:

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.

However, the External Auditor was not able to issue a Final Report/Certificate. Their interim certificate explains;

We are unable to complete our review work on the AGAR and supporting documentation as a result of correspondence received in relation to 2023/24 and/or prior years. Once we have finalised our review and completed any additional work arising from that correspondence, a final report will be provided with the certificate of completion detailing any qualifications and 'other' matters. Our fee note for the limited assurance review will be issued when we certify completion.

WHPC will receive an invoice (£315+vat) for the annual review when the Auditor has issued their Final Certificate. The invoice will also include additional fees for processing the Objector's challenge to the 2023-24 Return.

3.2. The Accounts and Audit Regulations 2015 require WHPC to:

- Prepare a "Notice of the Audit and right to inspect the Annual Governance & Accountability Return" which details the rights of inspection of uncertified AGAR (Sections 1, 2 & 3);
- Publish the "Notice" along with the uncertified AGAR (Sections 1, 2 & 3) before 30 September, which must include publication on the authority's website.
- Keep copies of the AGAR available for purchase by any person on payment of a reasonable sum.
- Ensure that Sections 1, 2 and 3 of the published AGAR remain available for public access for a period of not less than 5 years from the date of publication.

WHPC must decide the length of time for which that the "Notice" must be published. The previous statute required 14 days; but it is now up to the authority to make this decision. WHPC must also decide the charge for any person requiring a copy of the AGAR. It should be noted the Council's previous AGAR documents remain published on the Council's website.

CLIs are asked to:

- a. To note the External Auditor's Interim Certificate for the year ended 31 March 2024 and the outcome.
- b. To confirm the decisions made under Delegated Powers:
 - To set a charge of £20.00 for any person requiring a copy of the AGAR and
 - to set the time limit for the period for right of inspection to be a minimum of 1 month.

Section 3 – External Auditor’s Report and Certificate 2023/24

In respect of **West Hill Parish Council - DV0403**

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

2 External auditor’s limited assurance opinion 2023/24

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.

Please see below

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

We are unable to complete our review work on the AGAR and supporting documentation as a result of correspondence received in relation to 2023/24 and/or prior years. Once we have finalised our review and completed any additional work arising from that correspondence, a final report will be provided with the certificate of completion detailing any qualifications and 'other' matters.

Our fee note for the limited assurance review will be issued when we certify completion.

3 External auditor certificate 2023/24

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 2024.

We do not certify completion because:

We have received correspondence bringing information to our attention that we must consider before certifying the completion of our review and the discharging of our responsibilities

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature



Date

19/09/2024

West Hill Parish Council

Notice of the audit and right to inspect the Annual Governance & Accountability Return

Annual Governance & Accountability Return for the year ended 31 March 2024

Sections 20(2) and 25 of the Local Audit and Accountability Act 2014

Section 16 of the Accounts and Audit Regulations 2015 (SI 2015/234)

	Notes
<p>1. The audit of accounts for West Hill Parish Council for the year ended 31 March 2024 has been carried out but cannot be completed for the reasons stated in the external auditor report. The accounts have been published.</p>	<p>This notice and Sections 1, 2 & 3 of the AGAR must be published by 30 September. This must include publication on the smaller authority's website. The smaller authority must decide how long to publish the Notice for; the AGAR and external auditor report must be publicly available for 5 years.</p>
<p>2. The Annual Governance & Accountability Return is available for inspection and copying by any local government elector of the area of West Hill Parish Council on application to:</p> <p>(a) <u>Anne Oliver, Parish Clerk</u> <u>email clerk@westhillparishcouncil.gov.uk</u> <u>Tel 01404 232100</u></p> <p>(b) <u>By prior arrangement</u></p>	
<p>3. Copies will be provided to any local government elector of the area on payment of £20.00(c) for each copy of the Annual Governance & Accountability Return.</p>	
<p>Announcement made by: (d) <u>Anne Oliver, Parish Clerk</u></p>	<p>(a) Insert the name, position and address of the person to whom local government electors should apply to inspect the AGAR</p> <p>(b) Insert the hours during which inspection rights may be exercised</p> <p>(c) Insert a reasonable sum for copying costs</p> <p>(d) Insert the name and position of person placing the notice</p> <p>(e) Insert the date of placing of the notice</p>
<p>Date of announcement: (e) <u>27th September 2024</u></p>	