

WHPC Meeting 3rd December 2024 Agenda Item 24/358-6

External Audit: Final Report for the year ending 31st March 2024

1. Purpose

- 1.1. To receive the External Auditor's findings for the year ended 31 March 2024.
- 1.2. To note and approve payment of the External Auditor's fee of £315 plus VAT, to agree the charge for any person requiring a copy of the AGAR and set time limit for the period for right of inspection.
- 1.3. To inform Councillors of the additional audit fee incurred due to a challenge to the Council's Annual Return for 2023-24 under Section 27 of the Local Audit and Accountability Act 2014 and to approve payment of the £1,065+VAT.
- 1.4. For Councillors to note this report and agree actions, as appropriate.

2. Background

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.

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. Councillors completed and unanimously resolved to sign the Annual Governance Statement and Accounting Statement for 2023-24 ([published on the WHPC website](#)). The Internal Auditor had been appointed by all Councillors at the WHPC November 2023 meeting (Minute 23/347).

3. Challenge to WHPC Annual Return for 2023-24

At the WHPC meeting 5th August 2024 (Min 24/254), the Parish Council was advised that a registered elector had lodged a Notice of Objection with the External Auditor under Section 27 of the Local Audit and Accountability Act 2014.

The Objector challenged:

1. the proceedings of the 2023 Annual Parish Meeting on 10 March 2023 including a motion of no confidence;
2. the Council's use of its Complaints Policy, asserting it was unlawfully approved on 23 May 2023;
3. the Council's use of its Unreasonable and Unreasonably Persistent Request Policy which was considered on 2 April 2024;
4. the appointment of an internal auditor for 2023/24 who is also a clerk for nearby local councils, approved on 7 November 2023 (Assertion 6);
5. payment to a solicitor (£1,704 incl VAT) approved at the meeting on 2 April 2024;
6. payment to the internal auditor (£94.80) approved at the meeting on 4 June 2024; and
7. the inspection of the accounting records that support the 2023/24 AGAR on 16 July 2024.

4. External Auditor – Eligibility Decisions

The first step of the External Auditor's process is to determine the eligibility of the objections ie to determine whether the objections fall within the scope of the Auditor's remit. This includes:

- confirming that each objection contains the facts relating it to an item of account and/or a governance assertion on the 2023/24 AGAR;
- confirming that each objection contains the grounds explaining why an item of account on the 2023/24 AGAR is alleged to be unlawful and/or why a governance assertion on the 2023/24 AGAR is alleged not to have been complied with by the Council;

The External Auditor, in their email of 24th October 2024 to the Objector (copied to WHPC) set out their consideration of the eligibility of 7 objections:

Objection 4 - considered to be eligible as it was linked to a governance assertion in the 2023/24 AGAR and the grounds for the objection has been explained.

Objections 1/2/3/5/6/7 – were considered to be ineligible since they do not relate to a governance assertion or item of account on the 2023/24 AGAR.

The Auditor's email to the Objector further explained that all the costs of any additional work carried out as a result of Objections and correspondence received would be met by the Parish Council (and therefore the local taxpayers through increased council tax).

5. External Auditor - Consideration & Decision

The External Auditor, in their email of 24th October 2024 to the Objector/WHPC stated that whilst **Objection 4** was eligible it was not accepted for further investigation and explained the reasons for this decision which included:

- "We note that the requirements of a 'Yes' response to Assertion 6 are that, during the year (i.e. in relation to the 2022/23 AGAR), an independent and competent person is appointed by the Council and that the Council provides the necessary records for the internal audit to take place.

We note that an internal auditor was appointed, carried out the 2022/23 internal audit and reported by exception to the Council. We note that the internal auditor did not raise any issues regarding the provision of the necessary records by the Council. We further note that the same internal auditor was reappointed for the 2023/24 year on 7 November 2023."

- “We have seen no evidence that the mandatory requirements of a ‘yes’ response to Assertion 6, as prescribed in the Practitioners’ Guide (PG) which constitutes proper practices that the Council must follow, have not been met. We note that it is common in this sector for clerks within an area to act as independent internal auditor for other local councils. In our view, the fact that the internal auditor for the Council is also the RFO/Clerk of other councils does not indicate an issue with her independence.”
- “All local council internal auditors are required to have regard to the guidance in Section 4 of the PG when carrying out their work, we have seen no evidence that this was not the case.”

6. For Consideration

6.1. External Audit Final Report and Certification

On the 28th November 2024 the External Auditor provided their Final Report and Certificate to the Parish Council to conclude their review of the year ended 31 March 2024 (Appendix 1);

The External Auditor’s report 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.”**

The Auditors’ report also noted “Other matters not affecting our opinion which we draw to the attention of the authority”:

- **“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.”**

6.2. Additional Fees

The invoice for the 2023-24 external audit consists of:

- standard annual audit fee, £315 plus VAT.
- Plus, an additional fee of £1,065+vat for their work to process the objectors challenge to the 2023-24 WHPC Annual Return.

6.3. Notice of Conclusion of Audit

The Accounts and Audit Regulations 2015 require WHPC to:

- Prepare a “Notice of audit” which details the rights of inspection of uncertified AGAR (Sections 1, 2 & 3); (Appendix 2)
- Publish the “Notice” along with the uncertified AGAR (Sections 1, 2 & 3) before 30 September, which must include publication on the smaller 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 previous Council’s AGAR documents remain published on the Council’s website.

7. Decisions

Councillors are asked:

- 7.1. To note the completion of the External Auditor's Review for the year ended 31st March 2024 and the outcome.
- 7.2. To approve payment of the External Auditor's fee of £315 plus VAT;
- 7.3. To approve payment of the additional audit fee of **£1,065** plus VAT incurred due to an individual lodging Objections under Section 27 of the Local Audit and Accountability Act 2014 with the External Auditor;
- 7.4. To confirm the Finance Working Group recommendation:
 - 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
- 7.5. To note this report.

Finance WG
28th November 2024

Attached:

1. Proforma Notice of Conclusion of Audit
2. Final External Auditor Report and Certificate 2023/24

Final External Auditor Report and Certificate 2023/24 in respect of West Hill Parish Council DV0403

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:

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.

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

- 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

13/11/2024

West Hill Parish Council

Notice of conclusion of audit

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 completed and 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 including the auditor's certificate and opinion is available for inspection by any local government elector of the area of West Hill Parish Council on application to:</p> <p>(a) _____ _____ _____ _____</p> <p>(b) _____ _____ _____</p>	
<p>3. Copies will be provided to any local government elector of the area on payment of £____ (c) for each copy of the Annual Governance & Accountability Return.</p>	
<p>Announcement made by: (d) _____</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) _____</p>	