

**Update on External Audit – For information and noting.**

1. At the WHPC meeting on 10<sup>th</sup> May 2022 it was reported (Minute 22/140) that the Internal Audit<sup>1</sup> had been completed and the internal report had been circulated to Councillors for consideration. All Councillors approved the Annual Governance Statement 2021-22. The Internal Auditor had been appointed by all Councillors at the WHPC February meeting (Minute 22/032).
2. Councillors will recall the Internal Audit noted, “the unreasonable amount of time being spent by the Council on one particular subject and (or seems) dealing with requests for information from one particular individual” had adversely impacted on the operation of the Council and that a risk assessment, although scheduled for 19<sup>th</sup> May 2022, had not been minuted within the previous year. Councillors noted the extensive time spent during 2021-22 managing the reputational risk of the Council. The Council arranged for the Finance Working Group to undertake, at least, a mid-year review of the Council’s risks.
3. WHPC issued a Notice advising residents and ‘interested’ persons of their right to inspect the Accounts in accord with the Local Audit and Accountability Act 2014 and other relevant legislation and guidance. The notice erroneously stated 2020-21, and was corrected as soon as recognised and the ‘window’ period was extended to cater for this. A resident, as they have a right to do, requested to inspect the Accounts. That occurred on 6<sup>th</sup> July 2022 and were subsequently offered two further appointments as they’d written to state they’d had insufficient time at the previously arranged 45 minute appointment, neither extra appointment was taken up.
4. Within the ‘window’ the resident, as is their right, lodged with the External Auditor Objections under Section 27 of the Local Audit and Accountability Act 2014<sup>2</sup>. The External Auditor in their email of 16:14 hrs 20 July 2022 summarised to the resident objecting the four areas they considered had been objected to:
  - a) The lack of independence of the internal auditor
  - b) The Council’s failure to publish the detailed internal auditor’s report (although they noted the Objector had quoted from this document)
  - c) The Council’s failure to manage its risks during 2021/22
  - d) The Council’s expenditure during 2022/23 on legal fees and Officer overtime
  - e) The Council’s failure to provide for the public rights during 2022/23.

The External Auditor has assessed the objections b, d and e as ineligible since they do not relate to a governance assertion or item of account on the 2021/22 Annual Governance and Accountability Return (AGAR).

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<sup>1</sup> Review of the effectiveness of the system of internal control.

<sup>2</sup> The Objection Notice and the External Auditor’s response were circulated to Councillors on 22<sup>nd</sup> July 2022.

The External Auditor will now be giving consideration to a and c.

5. WHPC will now have to await the External Auditor's determination of those two matters, under the Auditor's Additional Powers and Duties Audit Guidance Note 4.
6. The implications are:
  - The External Auditor will have to delay the certification of the external audit by at least 21 days after they have provided the Objector with their decision on the two matters considered eligible.
  - The External Auditor may charge an additional fee for handling the objections – such cost falls to WHPC and this to our local council tax payers.
  - The External Auditor could consider certification with recommendations (statutory and non-statutory), an advisory note, a public interest report, an application to the courts for declaration or a judicial review brought by the auditor.

DECISION: Councillors are asked to consider this report and note it's content.