

# WHPC Meeting 6<sup>th</sup> September 2022

## Agenda Item 22/276 (1)

### External Audit – Update

#### Purpose

1. To inform Councillors of the Completion of the External Auditor's Review for the year ended 31 March 2022.
2. To note and approve payment of the External Auditor's fee of £300 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.
3. To inform Councillors of the additional audit fee incurred due to a resident lodging Objections under Section 27 of the Local Audit and Accountability Act 2014 with the External Auditor, and to approve payment of the £1,597.50 + VAT.
4. For Councillors to note the External Auditor has decided not to accept the resident's two eligible objections for further consideration.
5. For Councillors to note this report.

#### Background

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).

At the WHPC meeting on 2<sup>nd</sup> August 2022 a report was received (available on the WHPC website and minuted at 22/249) advising the Council that a resident had lodged with the External Auditor a Notice of Objection under Section 27 of the Local Audit and Accountability Act 2014. 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 then 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).

#### Update on Resident's lodged Objection

On the 23<sup>rd</sup> August 2022, the External Auditor provided a copy of the letter sent to the resident setting out the factors taken into account in deciding whether to consider the two eligible objections, stating they had carefully considered the objections the resident had made and additional information the resident had submitted to them on 21 July, 1 August and 23<sup>rd</sup> August.

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



[Councillors had only received from the resident copies of the 23<sup>rd</sup> August submission which consisted of a 15 page Criminal Justice Act 1967 statement and a 6 page letter].

The eligible objections being:

- The lack of independence of the internal auditor; and
- The Councils failure to manage its risks during 2021/22.

**The External Auditor's findings on both counts was that they did not accept the objections for further consideration** i.e. under Step 2 of the National Audit Office Guidance Note 04. The External Auditor set out to the resident the reasons for the decisions and also set out why certain information provided by the resident was not relevant. The External Auditor stated, "We will now close the challenge file and move on with our limited assurance review of the 2021/22 AGAR".

## Update on External Audit

On the 25<sup>th</sup> August 2022 the External Auditor provided their external auditor report and certificate (Section 3 of the AGAR Form 3). They had undertaken the required limited assurance review determined by the UK Government as appropriate for a local body with the level of spending of WHPC.

**The External Auditor reports, " 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 are 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 External Auditor further stated about another matter that did not affect their opinion, "We received challenge correspondence in relation to the 2021/22 AGAR which we considered before completing our work".

The invoice for the annual external audit is for £300 plus VAT. The External Auditor advised WHPC of the additional cost of their work to process the residents challenge is £1597.50 plus VAT fee.

As in previous years WHPC will undertake certain actions in accord with The Accounts and Audit Regulations 2015 (SI 2015/234) – prepare and publish a "Notice of conclusion of audit" which details the rights of inspection of the Annual Return, keep copies of the AGAR available for purchase by any person on payment of a reasonable sum and make sure that sections 1-3 of AGAR are available for public access for 5 years. The Clerk will ensure these actions are undertaken.

Councillors need to consider what fee to charge for purchase of the AGAR – a standard fee of £10 is recommended to cover administrative costs. Further, Councillors need to decide for what period the right to inspection would be offered - this is no longer set by statute, but used to be 14 days and it is recommended to set that time limit. It should be noted that it has been WHPC's practice to publish the Sections 1-3 of the Annual Return, including the External Auditors report, on the Council's website (each Annual Return since 2017/8 are publicly available).

## Decisions:

1. **To note the Completion of the External Auditor's Review for the year ended 31 March 2022 and the outcome.**
2. **To approve payment of the External Auditor's fee of £300 plus VAT  
To decide the charge for any person requiring a copy of the AGAR  
To set the time limit for the period for right of inspection.**

3. To approve payment of the additional audit fee of £1597.50 plus VAT incurred due to a resident lodging Objections under Section 27 of the Local Audit and Accountability Act 2014 with the External Auditor.
4. To note the External Auditor has decided not to accept the resident's two eligible objections for further consideration.
5. To note this report.

**Attached:** Proforma Notice of Conclusion of Audit



## West Hill Parish Council

### Notice of conclusion of audit

#### Annual Governance & Accountability Return for the year ended 31 March 2022

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

Accounts and Audit Regulations 2015 (SI 2015/234)

<p>1. The audit of accounts for <b>West Hill Parish Council</b> for the year ended 31 March 2022 has been completed and the accounts have been published.</p> <p>2. The Annual Governance &amp; Accountability Return is available for inspection by any local government elector of the area of <b>West Hill Parish Council</b> on application to:</p> <p>(a) _____          _____          _____          _____</p> <p>(b) _____          _____          _____</p> <p>3. Copies will be provided to any person on payment of £____ (c) for each copy of the Annual Governance &amp; Accountability Return.</p> <p>Announcement made by: (d) _____</p> <p>Date of announcement: (e) _____</p>	<p><b>Notes</b></p> <p>This notice and Sections 1, 2 &amp; 3 of the AGAR must be published by 30 September. <b>This must include publication on the smaller authority's website.</b> 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>(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>
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