WHPC
West Hill Parish Council

WHPC Meeting 7th October 2025
Agenda Item 25/317
External Audit Review of Annual Governance and Accounting Return 2024-25

1. Purpose

    a. To receive the External Auditor's findings for the year ended 31 March 2025.
    b. 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.
    c. To inform Councillors of the additional audit fee incurred due to a challenge to the Council's Annual Return for 2024-25 under Section 27 of the Local Audit and Accountability Act 2014 and to approve payment of the £1,065+VAT.
    d. 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.

2.1. WHPC Annual Return for 2024-25 (AGAR)

At the WHPC meeting on 3rd June 2025 it was reported (Minute 25/230) 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 2024-25 (published on the WHPC website). The Internal Auditor had been appointed by all Councillors at the WHPC 1st October 2024 meeting (Minute 24/303).

2.2. Period for the Exercise of Public Rights

The period for the exercise of public rights is a mandatory 30 working-day period during which smaller authorities in England must make their accounting records and related documents relating to the financial year available for inspection by the public. This period allows anyone to inspect and copy these documents, while local electors also have the right to question the auditor and raise objections to the accounts.

The WHPC meeting on 3rd June 2025 (Min 25/235) resolved the Period for the Exercise of Public Rights for the financial year 2024-25 to be 5th June to 16th July 2024. Notices advertising the dates were published on WHPC noticeboards and website as required.

2.3. Inspection of Accounts for 2024-2025

In response to a request, WHPC made arrangements for the Inspection of the 2024-25 accounts:

- at a time and date of the individual's choosing.
- as the Council does not have a public office WHPC hired a room at the village hall for the duration requested by the elector (hire charge £19.38).
- Cllr Pullman and Cllr Saunders accompanied the Clerk to answer any questions arising;
- accounting records and related documents were provided for inspection.

On 3rd July the individual attended the appointment but did not inspect the accounts.

3. Challenge to WHPC Annual Return for 2024-25

On the final day of the Period for the Exercise of Public Rights, 16th July 2025, an individual wrote to the External Auditor, PKF Littlejohn, alleging they were "unable to challenge the AGAR" because WHPC had obstructed the Inspection of Accounts.

In response, the Auditor advised:

- "there is nothing in statute that allows you to dictate who attends the appointment on behalf of the Council."
- "I understand that you wished to object to the various payments of expenses made to the Clerk during 2024/25"

WHPC provided detail of the payments to the individual and auditor.

3.1. Further correspondence

On 12th August 2025 the External Auditor received a request for a" Request for Public Interest Report concerning WHPC and its Internal Audit of AGAR".

On 27th August, the Auditor acknowledged receipt of the request:

"Your email of objection to the 2024/25 AGAR was received by us as appointed auditors to the Council on 16 July 2025. Thank you for your email of 12 August (attached) detailing the requested information in respect of various payments of expenses made to the Clerk during 2024/25. You have also included various other subjects within that email and the email copied to us on 19 August 2025, mainly relating to your concerns regarding the Clerk's performance and the Council's provision for the exercise of public rights during 2025/26. As I informed you previously, we will only consider the objection in relation to the Clerk's expenses."

On 26th August, WHPC wrote to the Auditor (copied to the objector)

a. seeking clarification of the status of the challenge to the Council's 2024-25 accounts as the objector was seeking to raise matters that should have been dealt with within the Period for the Exercise of Public Rights. The Parish Council had made provision for the individual to inspect the accounts and raise any concerns with the Council within the specified period. The provision for the Period for the Exercise of Public Rights is set in law in order to manage the burden on smaller authorities.

b. To provide information on WHPC Financial Regulations and process.

4. External Auditor Consideration & Decision

4.1. 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. The External Auditor identified two objections and considered both to be eligible as they were linked to governance assertions or items of account in the 2024/25 AGAR.

4.2. External Auditor - Consideration & Decision

The next stage of the Auditor's process was to consider each of the eligible objections.

On 27th August 2025 the External Auditor wrote to the objector (copied to the Council) to advise of their decision not to accept the objections

"Your eligible objections have not been accepted under Step 2 of AGN 04 (Auditor Guidance Note) for the reasons set out below":

- **Objection 1**: You object to expenditure during the year on the reimbursement of expenses to the Clerk.

  The auditor found no evidence that any of the payments were for unlawful items.

  Conclusion: We do not accept this objection for further consideration, since in our view, further investigation would be a disproportionate response.

- **Objection 2**: You object to the failure to follow financial regulations in respect of this expenditure during the year.

  The Auditor found that, contrary to WHPC Financial Regulations, the Council had approved expense claims for payments made by personal credit card between 1st April 2024 and 4th February 2025. However, the Auditor noted that some of these payments could not be paid other than by credit card. In this respect the Council should have responded 'No' to Assertion 2 of the Governance Statement 2024-25.

  The Auditor also noted that the Parish Council had approved new Financial Regulations (FRs) in February 2025 which reflected modern banking practices. The Auditor stated "In our view, the Council had already recognised and addressed the issue raised with us in your objection, since it had amended its FRs to allow credit card payments to be made and reimbursed."

  Conclusion: We do not accept this objection for further consideration, since the relevant action has now been taken by the Council; however, we are minded to raise a reporting matter concerning this issue in our external auditor report on the 2024/25 AGAR."

The Auditor's report was received on 25th September 2025 (Appendix 1). The Notice of Conclusion of Audit and Auditors Report was published by the Clerk on 26th September.

5. Additional Audit Fees

In addition to the annual audit fee WHPC (£315+vat) WHPC has incurred additional fees of **£1,065.00+vat** relating to the Auditors time spent dealing with the challenge correspondence.

6. For Consideration: Councillors are requested:

a. To receive the External Auditor's findings for the year ended 31 March 2025.
b. To note and approve payment of the External Auditor's fee of £315 plus VAT, to note the charge, £20, for any person requiring a copy of the AGAR and set time limit for the period for right of inspection (14 days proposed).
c. To note the additional audit fee incurred due to a challenge to the Council's Annual Return for 2024-25 and to approve payment of the £1,065+VAT.
d. For Councillors to note this report and agree actions, as appropriate

Finance Working Group, 26th September 2025

Section 3 – External Auditor's Report and Certificate 2024/25

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 2025; 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 2024/25

Except for the matters reported below, 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.

Section 1, Assertion 2 has been incorrectly completed and should have been answered 'No'. We note that reimbursements to the Clerk for expenditure did not comply with the Council's financial regulations in the first 10 months of the year, which did not allow officers or members to make payments using their personal credit/debit cards. The Council amended its FRs to allow credit card payments to be made and reimbursed in February 2025.

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

We received challenge correspondence in relation to the 2024/25 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.

3 External auditor certificate 2024/25

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 2025.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature PKF Littlejohn LLP

Date 19/09/2025