

## **Response to external auditor findings in respect of resident objections to Parish Council Accounts 2022-23**

### **Context:**

The parish council published its accounts in 2023. An eligible elector objected to the accounts and raised 6 objections with the external auditor (PKF Littlejohn LLP). The external auditor provided its findings in 2 emails (19 October 2023 and 6 December 2023). It is the duty of the parish council to publish the findings (published on the parish web site in December 2023) and to resolve to take any relevant actions in a council meeting. The latter is the purpose of this paper.

### **External Auditor Findings**

The external auditors did not accept any of the objections for further investigation.

They dismissed 3 objections:

**Objection 1**, relating to the payment and controls over the clerk's salary was deemed too small to justify the expense of further auditor consideration. They noted that "the Council has the power to pay employees and that the Council has been without a Clerk since September 2022".

**Objection 3**, relating to an inaccuracy in the asset list was assessed as ineligible since the facts and grounds on which the objection relies had not been specified; They noted that "the Chair has confirmed that a fingerpost had been removed by Wiltshire Council who are currently unable to locate it".

**Objection 4**, relating to repayment of a grant for the neighbourhood plan was assessed as ineligible since it "did not relate to a governance assertion or item of account on the 2022/23 AGAR".

They made observations and recommendations relating to 3 objections:

**Objection 2**, relating to failure to send full payment submissions (FPSs) to HMRC was considered valid and they commented that "We note that the Council accepts that this is the case and has written to HMRC to inform them that a new account will be opened for the Council when a new Clerk/RFO is employed. The Assertion 3 response should have been 'No' on the 2022/23 AGAR as a result of the non-compliance with regulations."

**Objection 5**, relating to compliance of the web site with the *Transparency code for smaller authorities* was considered valid and they commented that "We will advise the Council of the need to address this failure to comply. The Assertion 3 response should have been 'No' on the 2022/23 AGAR and must be 'No' on the 2023/24 AGAR as a result".

**Objection 6**, relating to the accounting for VAT in the election expenses was not individually commented. The external auditors did comment that the VAT for the year had not yet been reclaimed and that as a result the council should have responded “no” to assertion 2 on the AGAR relating to the council’s obligation “to have robust arrangements in place for handling its responsibilities regarding VAT”.

**Proposed actions:**

Responding to the external auditors’ observations and recommendations, the following actions are proposed:

Objection 1 – (clerk’s wages) – **no action**

Objection 2 – (HMRC submission):

- **Learning:** Assertion 3 should have been “no” on 2022/23 AGAR
- **Action:** Check with HMRC that they do not require retrospective submission and that no fines are due (completed).
- **Action:** ensure that HMRC registration is carried out when new clerk is appointed.

Objection 3 – (Asset list)– **No action**

Objection 4 – (Neighbourhood plan grant) – **No action**

Objection 5 – (web site compliance)

- **Learning:** Assertion 3 should have been “no” on 2022/23 AGAR
- **Action:** update website so that it is compliant (complete)
- **Action:** Mark Assertion 3 as “no” on 2023/24 AGAR

Objection 6 – (VAT)


- **Learning:** Assertion 2 should have been “no” on 2022/23 AGAR
- **Action:** Ensure VAT reclaim takes place for 2022/23 (in hand) and 2023/24

**Overall actions:**

- New RFO, when appointed, to include all these items on risk register and action plan.
- Note that external auditors accepted none of objections for further investigation.
- Note the cost of this audit, demanded by a resident, was £958.50 (paid)

**Attachment:** Emails from PKF Littlejohn LLP

**CLYFFE PYPARD PC - OBJECTIONS TO 2022/23 AGAR - ELIGIBILITY AND ACCEPTANCE DECISIONS**

 **From** [REDACTED]  
**To** [REDACTED]  
**Copy** Clyffe Pypard Parish Council <clerk@clyffepypardbushton.org.uk>  
**Date** 19-10-2023 5:12 pm

**Copied to the Council for information and as a request for confirmation of objector's electoral status**

Dear [REDACTED]

Thank you for your email (and attached notice of objection) which was received by us as appointed auditors to the Council on 8/9/2023.

**Requirements for an eligible objection**

Section 27 of the Local Audit and Accountability Act 2014 (the 2014 Act) provides that local government electors for an area may object to the Council's accounts concerning a matter in respect of which the auditor could:

- make a public interest report under paragraph 1 of Schedule 7 of the 2014 Act. Paragraph 1 of Schedule 7 of the 2014 Act provides that auditor must consider whether, in the public interest, they should make a report on any matter coming to their notice during the audit and relating to the Council or an entity connected with the Council, so it can be considered in accordance with Schedule 7 of the 2014 Act or brought to the public's attention; and/or
- make an application to the court for a declaration that an item of account is contrary to law under section 28 of the 2014 Act.

Section 27 requires that objections must be made in writing and copied to the Council.

Regulation 14 of the Accounts and Audit Regulations 2015 (the 2015 Regulations) provides that objections may only be made in a single 30-day period of which notice has been given under Regulation 15 of the 2015 Regulations.

Regulation 17 of the 2015 Regulations provides that a notice of objection under Section 27 of the 2014 Act must specify:

- the facts on which the local government elector relies;
- the grounds on which the objection is being made; and
- so far as is possible, particulars of any item of account which is alleged to be contrary to law; and any matter in respect of which it is proposed that the auditor could make a public interest report under section 24 of and paragraph 1 of Schedule 7 to the 2014 Act.

Furthermore in March 2023, in exercise of the power in paragraph 9 of Schedule 6 of the 2014 Act, the National Audit Office, on behalf of the Comptroller and Auditor General, issued Auditor Guidance Note 4: [Auditors' Additional Powers and Duties](#) (AGN 04). Paragraphs 19 to 28 of AGN 04 provide guidance on determining whether an objection is eligible. We must have regard to that guidance.

Thus in order for your objections to be categorised as 'eligible' under Step 1 of the guidance issued by the National Audit Office, we must:

- Confirm that the objections were received by us during the Council's public rights period;
- Confirm that you have sent a copy of your objections and any attachments to the Council;
- Confirm that each objection contains the facts relating it to an item of account and/or a governance assertion on the 2022/23 AGAR;
- Confirm that each objection contains the grounds explaining why an item of account on the 2022/23 AGAR is alleged to be unlawful and/or why a governance assertion on the 2022/23 AGAR is alleged not to have been complied with by the Council; and
- Receive confirmation from the Council that you were a registered elector of the parish on the date that we received your objections.

**Your objections**

You have objected to:

1. expenditure during the year on the Clerk's wages (£2,128) and the lack of internal controls regarding the Clerk's employment (Assertion 2 and Accounts Box 4);
2. the Council's failure to send full payment submissions (FPSs) to HMRC on or before each payday as is required (Assertion 3);
3. the asset register that supports Box 9, which you contend is missing an item (Box 9);
4. the repayment of a grant for the neighbourhood plan (during 2023/24) although expenditure had been made (during 2021); and
5. the failure of the Council's website to follow the publication requirements of the *Transparency code for smaller authorities* (Assertion 3).

Your objections were received by us during the Council's public rights period and have been copied to the Council. The items in objections 1/2/5 are all linked to governance assertions or items of account in the 2022/23 AGAR and the grounds for the objections have been explained; they would therefore be considered to be eligible in those respects.

We have assessed objection 3 as ineligible since the facts and grounds on which the objection relies have not been specified; although the Chair has confirmed that a fingerpost had been removed by Wiltshire Council who are currently unable to locate it. We have assessed objection 4 as ineligible since it does not relate to a governance assertion or item of account on the 2022/23 AGAR.

In accordance with our responsibilities under the Code of Audit Practice as issued by the National Audit Office (NAO), we now inform you which of the objections that we deemed to be eligible we have decided to accept for further consideration.

**Factors taken into account in deciding whether to consider objections**

Section 27(3) of the Local Audit and Accountability Act 2014 (the 2014 Act) requires that we decide whether to consider an objection. Section 27(4) of the 2014 Act provides that we may decide not to consider an objection if, in particular, we think that:

- the objection is frivolous or vexatious;
- the cost of the auditor considering the objection would be disproportionate to the sums to which the objection relates, or;
- the objection repeats an objection already considered by an auditor of the Council's accounts.

By virtue of section 27(5) of the 2014 Act, we are not entitled to refuse to consider an objection which we think might disclose serious concerns about how the relevant authority is managed or led.

By virtue of section 27(6) of the 2014 Act, if we decide not to consider an objection, we may recommend that the Council should instead take action in response to the objection.

Section 28 of the 2014 Act gives a person who has objected to the Council's accounts asking that the auditor make an application for a declaration that an item of account is contrary to law and who is aggrieved that the auditor decides not to do so:

- the right to receive written reasons for that decision; and
- the right to appeal against that decision to the court.

Paragraphs 29 to 40 of the NAO Auditor Guidance Note 04 (AGN 04) provide guidance on deciding whether to consider objections. Paragraph 33 emphasises that the grounds set out in section 27(3) of the 2014 Act do not constitute an exhaustive list. Please note that there is no right of appeal against a decision not to issue a public interest report in respect of any of the objections.

We have carefully considered the objections you have made and decided which objections we will consider, in particular by reference to the matters detailed in section 27(4) of the 2014 Act. We would emphasise that in so doing we have:

- considered both the likely individual and aggregate cost of consideration of objections and the sums to which the objections relate in the context of the scale of the Council's activities; and
- had regard to the fact that, under section 27(7) of the 2014 Act, our reasonable costs of considering objections fall on the Council.

In this email we:

- set out the objections that we have decided to consider; and
- set out any objection that we have decided not to consider and the reasons for that decision; and
- request that the Council provides us with its formal response to each accepted objection including supporting evidence as appropriate. (NB: if approval of the formal response is carried out in a public session, the objector's identity must be protected)

## Step 2 – acceptance decisions

You have raised 3 matters in respect of the 2022/23 AGAR that we have deemed to be eligible objections; however, they have not been accepted under Step 2 of AGN 04 for the reasons set out below.

You have objected to:

1. expenditure during the year on the Clerk's wages (£2,128) and the lack of internal controls regarding the Clerk's employment (Assertion 2 and Accounts Box 4);
2. the Council's failure to send full payment submissions (FPSs) to HMRC on or before each payday as is required (Assertion 3); and
5. the failure of the Council's website to follow the publication requirements of the *Transparency code for smaller authorities* (Assertion 3).

**Objection 1:** You object to expenditure during the year on the Clerk's wages (£2,128) and the lack of internal controls regarding the Clerk's employment.

**Findings:** We note that the Council has the power to pay employees and that the Council has been without a Clerk since September 2022. In our view, the cost of the auditor considering the objection further would be disproportionate to the sums to which the objection relates.

**Conclusion:** We do not accept this objection for further consideration.

**Objection 2:** You object to the Council's failure to send full payment submissions (FPSs) to HMRC on or before each payday as is required.

**Findings:** We note that the Council accepts that this is the case and has written to HMRC to inform them that a new account will be opened for the Council when a new Clerk/RFO is employed. The Assertion 3 response should have been 'No' on the 2022/23 AGAR as a result of the non-compliance with regulations.

**Conclusion:** We do not accept this objection for further consideration.

**Objection 5:** You object to the failure of the Council's website to follow the publication requirements of the *Transparency code for smaller authorities*.

**Findings:** We note that the Council's website is not compliant with the publication requirements of the *Transparency code for smaller authorities*. We will advise the Council of the need to address this failure to comply. The Assertion 3 response should have been 'No' on the 2022/23 AGAR and must be 'No' on the 2023/24 AGAR as a result.

**Conclusion:** We do not accept this objection for further consideration.

Please note that, following this notification of our decision not to accept Objection 1 above for consideration, you have 21 days from tomorrow to lodge an appeal with the court regarding our decision, should you so wish.

## Overview of the objection process, timescales and costs

Please see below a brief explanation of the objection process for your information:

- Step 1 – eligibility:
  - Receipt of objections;
  - Assessment of objections against eligibility criteria;
  - Notification of eligibility decisions – copied to Council (this email); and
  - Confirmation of objector's electoral status.
- Step 2 – acceptance:
  - Assessment of eligible objections against acceptance criteria;
  - Notification of acceptance decisions – copied to Council (this email); and

- Appeal period if our decision is not to apply to the Courts regarding an alleged unlawful item of account (21 days).
- Following completion of the challenge work:
  - External auditor report, including any challenge related non-statutory reporting matters, issued to Council along with invoice for the additional work as a result of challenge correspondence received

At this stage, we would like to remind both you and the Council of the need to ensure compliance with relevant data protection legislation (including the General Data Protection Regulations (GDPR)). This could include, for example, redacting personal information (such as the objector's name, address or other identifying information) from any subsequent publication or sharing of the objections and related correspondence.

Please note that all the costs of any additional work that we carry out as a result of challenge correspondence received are met by the Council (and therefore the local taxpayers through increased council tax). The costs are set by Smaller Authorities Audit Appointments Ltd (SAAA) and such work is carried out by an engagement lead at a cost to the authority of £355 per hour plus VAT, i.e. £2,485 per day plus VAT.

Kind regards

Rebecca

**Rebecca Plane | Head of Challenge | Engagement Lead**

**PKF**

For and on behalf of PKF Littlejohn LLP



<https://www.pkf-l.com/services/limited-assurance-regime>

Please note that my usual working days are Tuesday/Wednesday/Thursday

For and on behalf of

**PKF Littlejohn LLP**

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PKF Littlejohn LLP, Chartered Accountants

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From:

Sent: Friday, September 8, 2023 2:38 PM

To: SBA <[SBA@pkf-l.com](mailto:SBA@pkf-l.com)>



Cc: [clerk@clyffepypardbushton.org.uk](mailto:clerk@clyffepypardbushton.org.uk)

Subject: LOCAL AUDIT AND ACCOUNTABILITY ACT 2014 NOTICE OF OBJECTION UNDER SECTION 27

**WARNING!! - This message has originated from an external sender - please check the validity of the sender and contents.**



**RE: CLYFFE PYPARD PC - OBJECTIONS TO 2022/23 AGAR - ELIGIBILITY AND ACCEPTANCE DECISIONS**

 **From** SBA <SBA@pkf-l.com>  
**To**  SBA <SBA@pkf-l.com>  
**Copy** Clyffe Pypard Parish Council <clerk@clyffepypardbushton.org.uk>  
**Date** 06-12-2023 10:32 am

Dear 

Thank you for your email. We are not subject to FOIA requests, so if you wish for copies of correspondence/invoice breakdown, I suggest that you request them from the Council.

The Council received a copy of our decisions and I expect that this will be a forthcoming agenda item, including the impact on next year's AGAR responses to the governance assertions as a result of the ongoing issues.

Regarding Objection 4, my understanding is that the grant repayment was net of any qualifying invoices relating to the period 24/4/2021 – 31/3/2022 and the invoice that you have queried predates that timeframe and has already been discussed with you by the Council.

**Objection 6:** You have objected to the Council's accounting for VAT in respect of election expenses

**Findings:** Regarding your objection to the Council's accounting for VAT in respect of election expenses during 2021/22 (paid by the Council on 13/07/2022), I understand that, in common with other recent expenditure items, the VAT on this invoice has yet to be reclaimed. The Council is in need to a Clerk/RFO to complete the VAT reclaim.

Please accept my apologies for missing this objection from our decision email below.

Having now reviewed the details, I can confirm that it would be considered to be an eligible objection since it relates to the following mandatory requirement of Assertion 2 during 2022/23:

1.17 VAT — The authority needs to have robust arrangements in place for handling its responsibilities regarding VAT.

Since the Council has not completed a VAT reclaim during 2022/23 (or since), the Council should have responded 'No' to Assertion 2 as a result. I have copied in the Council and I expect that this will be a forthcoming agenda item, including the impact on next year's AGAR responses to the governance assertions as a result of the ongoing issues.

**Conclusion:** The objection is not accepted for further investigation.

Kind regards

Rebecca

**Rebecca Plane | Head of Challenge | Engagement Lead**

**PKF**

For and on behalf of PKF Littlejohn LLP

T +44 (0) 20 7516 2200



<https://www.pkf-l.com/services/limited-assurance-regime>

Please note that my usual working days are Tuesday/Wednesday/Thursday

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**From:** 

**Sent:** Tuesday, December 5, 2023 9:03 AM

**To:** 

### RE: Clyffe Pypard PC - objections to 2022/23 AGAR


**From** [Redacted]  
**To** [Redacted]  
**Copy** Clyffe Pypard Parish Council <clerk@clyffepypardbushton.org.uk>  
**Date** 06-12-2023 10:48 am

Dear [Redacted]

Thanks for your speedy response. I have now responded to the objector as you will have seen. Please make sure that both of my emails (redacted for the objector's details) are published as agenda papers and that my observations in both responses to the objector are minuted at the next meeting.

Thanks for your assistance with this matter, much appreciated.

Kind regards

Rebecca

**Rebecca Plane | Head of Challenge | Engagement Lead**

**PKF**

For and on behalf of PKF Littlejohn LLP

T +44 (0) 20 7516 2200

[Redacted]

<https://www.pkf-l.com/services/limited-assurance-regime>

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For and on behalf of

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