

Section 1 – Annual Governance Statement 2022/23

We acknowledge as the members of:

LAVANT PARISH COUNCIL
ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2023, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
	✓		<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

16/5/2023

and recorded as minute reference:

19CF

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ENTER PUBLIC WEBSITE ADDRESS www.lavantparishcouncil.co.uk

Section 2 – Accounting Statements 2022/23 for

LAVANT PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	
1. Balances brought forward	67,813	146,995	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	30,738	31,092	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	87,292	149,596	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	10,021	9,884	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	28,827	198,025	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	146,995	119,774	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	146,995	119,774	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	186,409	211,374	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2023 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval



Date 03/05/2023

I confirm that these Accounting Statements were approved by this authority on this date:

16/5/2023

as recorded in minute reference:

19(9) MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved



Annual Internal Audit Report 2022/23

LAVANT PARISH COUNCIL

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During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ none
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓ n/a
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
	✓		

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken
03/05/2023

Name of person who carried out the internal audit
MARK MULBERRY BA (F/Inst) FCCA CTA

Signature of person who carried out the internal audit
M Mulberry

Date
03/05/2023

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Bank reconciliation – pro forma

This reconciliation should include **all** bank and building society accounts, including short term investment accounts. It **must** column headed "Year ending 31 March 2023" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts are receipts and payments basis. Please complete the highlighted boxes, remembering that unpresented cheques should be entered on a receipts and payments basis. Please complete the highlighted boxes, remembering that unpresented cheques should be entered on a receipts and payments basis. Please complete the highlighted boxes, remembering that unpresented cheques should be entered on a receipts and payments basis.

Name of smaller authority:

LAVANT PARISH COUNCIL

County area (local councils and parish meetings only):

WEST SUSSEX

Financial year ending 31 March 2023

Prepared by (Name and Role):

ANDY BEAMS, RFO

Date:

25/04/2023

	£	£
Balance per bank statements as at 31/03/23:		
Current Account	<u>119,773.81</u>	119,773.81
Petty cash float (if applicable)		0.00
Less: any unpresented cheques as at 31/03/23 (enter these as negative numbers)	<u>0.00</u>	0.00
Add: any un-banked cash as at 31/03/23	<u>0.00</u>	0.00
Net balances as at 31/03/23 (Box 8)		<u><u>119,773.81</u></u>

Explanation of variances 2022/23 – pro forma

Name of smaller authority: **LAVANT PARISH COUNCIL**

Insert figures from Section 2 of the AGAR in all **Blue** highlighted boxes

Now, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

• variances of more than 15% between totals for individual boxes (except variances of less than £500);

• variances of more than £100,000 must be explained even where this constitutes less than 15%;

• a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept value (Box 2).

Please ensure variance explanations are quantified to reduce the variance excluding stated items below the 15% / £500 / £100,000 threshold

	2022	2023	Variance	Variance	Explanation Required?		DO NOT OVERWRITE THE BOXES HIGHLIGHTED IN RED/GREEN	Explanation (must include narrative and supporting figures)
	£	£	£	%	Is > 15%	Is > £100,000		
1 Balances Brought Forward	67,813	146,995					Explanation of % variance from PY opening balance not required - Balance brought forward agrees	
2 Precept or Rates and Levies	30,738	31,092	354	1.15%	NO	NO	n/a	
3 Total Other Receipts	87,292	149,596	62,304	71.37%	YES	NO	Increased income for 2022/23: VAT reclaim increased from £1,964 to £28,829 (£26,865) due to projects completed incurring large VAT amounts, Grants increased from £800 to £51,955 (£51,155) including Operation Watershed grant of £36,742 and grants to sports project of £15,182, Cllr receipts decreased from £75,155 to £58,400 (£16,755), and last year an insurance claim of £9,084 was received with no amount received this year (£9,084). Net difference £62,181.	
4 Staff Costs	10,021	9,884	-137	1.37%	NO	NO	n/a	
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO	NO	n/a	
6 All Other Payments	28,827	198,025	169,198	586.94%	YES	YES	Increased expenditure for 2022/23: VAT payments increased from £3,303 to £29,643 (£26,340) due to major project works incurring large VAT amounts, major projects as one off in year including Playground (£51,759), Sportsfield (£8,867), Memorial Hall (£39,984) and Highway works (£26,734), Locum Clerk employed for part of year with additional costs (£8,577) not incurred in previous year. Net difference £172,181.	
7 Balances Carried Forward	146,995	115,774	-27,221	18.52%	YES	NO	Resultant decrease in balances due to major project works carried out during the year.	
8 Total Cash and Short Term Investments	146,995	115,774	-27,221	18.52%	YES	NO	Balances reduced in year due to major project works as outlined in box 6 explanation, partly funded by CL and grants received as explained in box 3 above.	
9 Total Fixed Assets plus Other Long Term Investments and Assets	186,409	211,374	24,965	13.39%	NO	NO	n/a	
10 Total Borrowings	0	0	0	0.00%	NO	NO	n/a	

Excessive Reserves Ratio 4.7821914 3.852245

PLEASE PROVIDE AN EXPLANATION FOR THE LEVEL OF RESERVES ON THE FOLLOWING TAB



MULBERRY & CO

Chartered Certified Accountants
& Chartered Tax Advisors

9 Pound Lane
Godalming
Surrey, GU7 1BX

t + 44(0)1483 423054
e office@mulberryandco.co.uk
w www.mulberryandco.co.uk

Our Ref: MARK/LAV001

Lavant Parish Council
Lavant Memorial Hall
East Lavant
West Sussex
PO18 8AH

3rd May 2023

Dear Hannah-Louise

Re: Lavant Parish Council
Internal Audit Year Ended 31 March 2023 – Year-End Audit report

Executive summary

Following completion of our year-end internal audit on 3rd May we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of this is available on request. The report concludes with an opinion as to whether each assertion has been met or not. Where appropriate **recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings.

It is therefore our opinion that the systems and internal procedures at Lavant Parish Council are well established and followed.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all Members to support and inform them when they considering the authority's approval of the annual governance statement.

Independence and competence

Your audit was conducted by Mark Mulberry of Mulberry & Co. We confirm we are independent from the management of the financial controls and procedures of the council and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor has over 20 years' experience as a statutory auditor and tax advisor, with 15 years auditing in the public sector.

Engagement Letter

An engagement letter was previously issued to the council covering the 2022/23 internal audit assignment. Copies of this document are available on request.

Planning and inherent risk assessment

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR. As part of the inherent risk assessment, we have concluded that:

- There have been no reported instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to council
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be "walk through testing" on sample data to encompass the period of the council year under review.

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A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been properly kept throughout the financial year.

Audit findings

The year-end audit was conducted on site with the Clerk, who also acts as the council's Responsible Financial Officer (RFO). The Clerk had prepared the information advised in advance of the visit, and I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the Clerk and a review of the council website.

The council continues to use the Rialtas Business Solutions (RBS) accounting package for recording the day-to-day financial transactions of the council. This is an industry specific accounting package and I make no recommendation to change. The system is used regularly to record transactions and produce management information reports for review at council meetings.

The PC uses an outside contractor to populate Rialtas which is verified by the clerk and council. I reviewed the Cashbook and can confirm this is populated in such a manner to describe the nature and scope of the transaction. The clerk was able to locate an invoice selected at random from the hard copy files. It was mentioned that for 2023/24 the invoices will be filed alphabetically.

For the number of transactions a year RBS Rialtas is a suitable accounting package and is being used appropriately.

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

This authority complied with its Financial Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

Audit findings

Check the publication and minuting of the prior year audited AGAR and notice of conclusion of audit.

There was no evidence of the external auditor concluded AGAR being taken to council or posted to the council website. The previous clerk has posted an unsigned version. I recommend council try to locate the original hard copy.

I am unable to comment on whether or not there are any expect for matters that need to be attended to this year.

The new clerk is aware that the concluded AGAR must be taken to council and posted to the website and will attend to this for the 2022/23 year.

Confirm by sample testing that councillors sign statutory office forms.

I confirmed by sample testing that councillors sign "Acceptance of Office" forms.

The council website provides details of councillors; however, this does not include their individual Register of Members' Interests Forms or links to them.

Confirm that the council is compliant with the relevant transparency code.

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so. I recommend reviewing the way the information is published on the website of West Chiltonington Parish Council as a best practice example via this link

www.wcpc.org.uk/transparency

Confirm that the council is compliant with GDPR.

The council is fully aware of GDPR and has undergone training. It was noted the council has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2023) contains updated guidance on the

matter as below:

The importance of secure email systems and GOV.UK

- 5.205. All authorities except parish meetings must now have an official website. To comply with GDPR, councils should provide official email accounts for their councillors as well as for their clerk and other officers.
- 5.206. When choosing a domain name for the council's website and emails, many local council websites are appropriately making use of the official GOV.UK domain (for example, ourparishcouncil.gov.uk), with email addresses being linked to that domain.
- 5.207. Using a GOV.UK domain for your council website and email accounts demonstrates the council's official local government status. Members of the public are increasingly cyber security awareness, so a GOV.UK domain can also help to build trust, and credibility and visibly demonstrates authenticity. Many people will now reasonably expect a local council to have a GOV.UK domain name.
- 5.208. For the purposes of user management, councils should ensure that the proper officer can add and remove member and staff email accounts. Commercial 'dashboard' email and web systems offer centralised searching of all data contained within the system for effective compliance with GDPR Subject Access Requests and Freedom of Information Requests.

The council has a Privacy Notice and Accessibility Statement on the home page of its website, and it is clear the council has made every effort to comply with the website requirements.

Confirm that the council meets regularly throughout the year.

In addition to full council, the council has a Fete Committee. Terms of reference for each committee are published on the council website, along with future meeting dates and historic agendas and minutes for council and committee meetings. **I remind council it resolved to review and adopt the Fete Committee terms of reference annually.**

Check that agendas for meetings are published giving 3 clear days' notice.

I was able to confirm that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting. I remind council it is required to also post any supporting documentation with the agendas as outlined by the Information Commissioner's Office (page 3 of this link) ico.org.uk/minutesandagendas.pdf

I also remind council that agendas should "summon" to a meeting rather than "Invite"

Check the draft minutes of the last meeting(s) are on the council's website.

Draft minutes are uploaded to the council website, ordinarily within 10 days of the meeting taking place. It is recommended to state on the website page that all minutes are draft until adopted at the subsequent meeting.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months.

The Standing Orders are based on the current NALC model and were most recently reviewed and adopted by council at the meeting held on 14th June 2022 (minute ref 18b).

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations.

Financial Regulations are based on the current NALC model and were last reviewed and adopted by council at the meeting held on 14th June 2022 (minute ref 18a). The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

Check that the council's Financial Regulations are being routinely followed.

The council has thresholds in place at which authorisations to spend must be obtained as below:

FR 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the council for all items over £5,000;
- a duly delegated committee of the council for items over £500; or
- the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500.

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

FR 4.5. In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council which in the clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter. Based on the level of financial activity of the council, these authorisation thresholds appear appropriate.

I tested a sample of invoices and found the payment had been approved in accordance with the thresholds contained within the Financial Regulations, and on occasion also noted ordering approval. However, it was equally clear that this regulation is not always being followed and I remind council that it must ensure ordering approval is obtained before the service/goods are ordered.

I would also recommend that the thresholds are reviewed to ensure the clerk does not have to gain approval for every item purchased below £500 as this would be administratively burdensome.

The council has Financial Regulations in place regarding the award of contracts, and this includes:

FR 11.1 (g) When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £500 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

There were no tenders or contracts during the year under review.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £8.82 per elector.
No S.137 expenditure

Check receipt of VAT refund matches last submitted VAT return.

The council submits its VAT return on a regular basis. I reviewed the submission for the period ending 31 January 2023 which showed a refund amount due of £25,525.04. I was able to confirm receipt of this amount to the council's bank account on 17th February 2023. The council is up to date with its VAT submissions.

Confirm that checks of the accounts are made by a councillor.

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Audit findings

The council has a risk management policy which was most recently reviewed and approved by council at the meeting held on 14th June 2022 (17.9). I reviewed the policy and the risk assessment record, which details the types of risk identified, who might be harmed and how, assigns a perceived risk level, records action taken and how the risk is managed. This type of approach is suitable for a council of this size and demonstrates that the council takes its risk management responsibilities seriously.

I confirmed that the council has a valid insurance policy in place with Zurich which expires on 31st May 2023. The policy includes Public Liability and Employers Liability cover of £10,000,000 each and a Fidelity Guarantee of £250,000 which is sufficient for a council of this size. The listed asset cover appears appropriate based on the items recorded on the council's asset register.

We discussed assertion 8 on the Annual Governance Statement and whether this had any impact on the council.

“We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.”

The Clerk confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Audit findings

The council set a precept of £31,092 for 2022/23. With a tax base of 702.5, this equates to a band D equivalent of £44.26 (compared to the average in England of £74.81).

The Clerk confirmed that the 2023/24 budget setting process and precept setting was completed at the meeting held on 17th January 2023 (minute ref 15.d).

The Clerk presents the budget performance information three times annually for review. I reviewed the reports produced from RBS which shows actual, budget and percentage spend. The minutes also show discussion of the same.

The accounting records show that the council ended the year with income reported as 581.% of budget and expenditure reported as 676.4 % of budget.

The un-budgeted income is due to grants and CIL receipts of circa £110k. The un-budgeted expenditure is in the main due to memorial hall works and highway works. **The large variances to budget indicate that the original budget as compiled by the previous clerk was not as accurate as could have been and I recommend council consider this at the next budget setting session.**

The council holds £88,596 in earmarked reserves (EMR), spread across a range of clearly identifiable projects. I checked the purpose of these EMRs with the Clerk and am satisfied they are all for legitimate future planned projects of the council.

The council also holds £31,178 in the general reserve.

The Joint Panel on Accountability and Governance (JPAG) Practitioner’s guide states *‘the generally accepted recommendation with regard to the appropriate minimum level of a smaller authority’s general reserve is that this should be maintained at between three and twelve months of net revenue expenditure’* (para 5.33).

The general reserve balance is within the recommended range.

E. INCOME

Internal audit requirement

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Audit findings

The precept accounts for 100% of the council’s budgeted income.

The council has no fees or charges reviewed its fees and charges.

Unbudgeted amounts received during the year came from grants, CIL, bank interest and VAT refunds. From a review of the accounting records, income appears to be recorded with sufficient narrative detail to identify the source and allocated to the most appropriate nominal code.

F. PETTY CASH

Internal audit requirement

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

Audit findings

The council has no petty cash – this test does not apply

G. PAYROLL

Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Audit findings

The Clerk is the only employee and has a signed contract of employment, based on the NALC template. I was able to verify that the salary is aligned to the NJC scale point range.

The council uses a third party for processing payroll, who calculates the PAYE and pension deductions. I reviewed the payslips for February 2023 and the payroll deductions appear correct. The salary payments are authorised and paid by the council in the same way as other payments.

I reviewed the total figure being included within box 4 (staff costs) on the Annual Governance and Accountability Return (AGAR) and confirmed that this includes only salary payments, HMRC payments and pension contributions.

There are no councillor allowances.

H. ASSETS AND INVESTMENTS

Internal audit requirement

Asset and investments registers were complete and accurate and properly maintained.

Audit findings

The council has a fixed asset register in place which includes details of asset location, date of acquisition, cost or proxy cost, condition, estimated useful life and insurance and replacement values. Assets are correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register.

I confirmed the asset register total matches that included in box 9 (total fixed assets plus long term investments and assets) on the AGAR and was able to trace the changes to the previous year's total against the asset register.

The council has no long-term investments.

I. BANK AND CASH

Internal audit requirement

Periodic and year-end bank account reconciliations were properly carried out.

Audit findings

Financial regulation 2.2 states 'On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO.'

The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.'

Bank reconciliations are completed monthly and presented to council at every meeting for review. I reviewed the March 2023 bank reconciliation and was able to confirm the balances to the bank statements and found no errors.

I noted that the reconciliation and bank statement have been signed in accordance with Financial Regulation 2.2.

Balances held are not within the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS). Council may want to consider moving some funds to an alternative institution to make use of the protection scheme

J. YEAR END ACCOUNTS

Internal audit requirement

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

Audit findings

The council, at its meeting to sign off the year-end accounts, must discuss Section 1 of the AGAR (Annual Governance Statement) and record this activity in the minutes of the meeting. **COUNCIL IS REMINDED THAT THIS MUST BE A SEPARATE AGENDA ITEM PRIOR TO THE SIGNING OF SECTION 2 OF THE AGAR (ANNUAL ACCOUNTS).**

Section 1 – Annual Governance Statement

Based on the internal audit finding I recommend using the table below as the basis for that discussion.

	Annual Governance Statement	<i>'Yes', means that this authority</i>	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	YES – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk advises the council in respect of its legal powers.
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	YES – the requirements and timescales for 2021/22 year-end were followed.
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	YES – the council has a risk management scheme and appropriate external insurance.

	introduction of internal controls and/or external insurance cover where required.		
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	YES – the council has appointed an independent and competent internal auditor.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	YES – matters raised in internal and external audit reports have been addressed.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	YES – no matters were raised during the internal audit visits.
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	YES – the council has met its responsibilities

Section 2 – Accounting Statements

AGAR box number		2021/22	2022/23	Internal Auditor notes
1	Balances brought forward	67,813	146,995	Agrees to 2021/22 carry forward (box 7)
2	Precept or rates and levies	30,738	31,092	Figure confirmed to central records
3	Total other receipts	87,292	149,596	Agrees to underlying records
4	Staff costs	10,021	9,884	Agrees to underlying records
5	Loan interest/capital repayments	0	0	Verified against PWLB records
6	All other payments	28,827	198,025	Agrees to underlying records
7	Balances carried forward	146,995	119,774	Casts correctly and agrees to balance sheet
8	Total value of cash and short-term investments	146,995	119,774	Agrees to bank reconciliation
9	Total fixed assets plus long-term investments and assets	186,409	211,374	Matches asset register
10	Total borrowings	0	0	Verified against PWLB records

For Local Councils Only		Yes	No	N/A	
11a	Disclosure note re Trust Funds (including charitable)	✓			<i>The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.</i>

11b	Disclosure note re Trust Funds (including charitable)	✓			<i>The figures in the accounting statements above do not include any Trust transactions.</i>
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Audit findings

The year-end accounts have been correctly prepared on a receipts and payments basis with no requirement for the box 7 and 8 reconciliation.

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2021/22.

The variance analysis has been completed to explain the variances exceeding 15% where required, and in my opinion, contains sufficient narrative and quantitative information for the External Auditor.

K. LIMITED ASSURANCE REVIEW**Internal audit requirement**

IF the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")

Audit findings

The council did not certify itself exempt in 2021/22 due to exceeding the income and expenditure limits and this test does not apply.

L: PUBLICATION OF INFORMATION**Internal audit requirement**

The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation

Audit findings

This internal control objective has changed since last year. Where previously it related to the relevant Transparency Codes, a council with annual turnover exceeding £25,000 was recommended to follow the Local Government Transparency Code 2015, but it was not a statutory requirement.

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

13(1) An authority must publish (which must include publication on that authority's website)

- (a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
- (b) the Annual Governance Statement approved in accordance with regulation 6(3)

13(2) Where documents are published under paragraph (1), the authority must

- (a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
- (b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

I was able to confirm that pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor's Report and Certificate) of the AGAR are available for review on the council website for the last five years. **However, as noted above the 2022 AGAR was not complete.**

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**Internal audit requirement**

The authority has demonstrated that during summer 2022 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2021/22 Actual	2022/23 Proposed
Date AGAR signed by council	14/06/22	16/05/2023
Date inspection notice issued	15/06/22	02/06/2023
Inspection period begins	16/06/22	05/06/2023
Inspection period ends	29/07/22	14/7/2023
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	Yes

I am satisfied the requirements of this control objective were met for 2021/22, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

I was able to confirm that the proposed dates for 2022/23 meet the statutory requirements.

N: PUBLICATION REQUIREMENTS**Internal audit requirement**

The authority has complied with the publication requirements for 2021/22. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2022 authorities must publish:

- *Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited*
- *Section 1 - Annual Governance Statement 2021/22, approved and signed, page 4*
- *Section 2 - Accounting Statements 2021/22, approved and signed, page 5*

Not later than 30 September 2022 authorities must publish:

- *Notice of conclusion of audit*
- *Section 3 - External Auditor Report and Certificate*
- *Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.*

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit findings

I was able to confirm that the Notice of Public Rights is published on the council website along with the Notice of Conclusion of Audit and External Auditor Report and Certificate and the publication requirements for 2021/22 have been met.

I recommend the website is reviewed to make locating these documents easier.

O. TRUSTEESHIP**Internal audit requirement**

Trust funds (including charitable) – The council met its responsibilities as a trustee.

Audit findings

The council is the trustee of The Lavant Parish Recreational Trust(charity number 1062744). I reviewed the information on the Charity Commission website, which shows the council is not listed as the sole trustee. I recommend the Charities Commission is updated. All other reporting is up to date.

Achievement of control assertions at year-end audit date

Based on the tests conducted during the year-end audit, our conclusions on the achievement of the internal control objectives are summarised in the table below and are reflected in the completion of the Annual Internal Audit Report within the AGAR.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its Financial Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic bank account reconciliations were properly carried out during the year.	✓		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K	If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i>			✓
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	✓		
M	The authority, during the previous year (2021-22) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N	The authority has complied with the publication requirements for 2021/22 AGAR.	✓		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		

Should you have any queries please do not hesitate to contact me.

Yours sincerely

Mark Mulberry
For Mulberry & Co

Year-End Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
Bank	Balances held are not within the £85,000 protection limit offered by the Financial Services Compensation Scheme (FSCS). Council may want to consider moving some funds to an alternative institution to make use of the protection scheme	
Committees	I remind council it resolved to review and adopt the Fete Committee terms of reference annually.	
Financial regulation 4	<p>I tested a sample of invoices and found the payment had been approved in accordance with the thresholds contained within the Financial Regulations, and on occasion also noted ordering approval. However, it was equally clear that this regulation is not always being followed and I remind council that it must ensure ordering approval is obtained before the service/goods are ordered.</p> <p>I would also recommend that the thresholds are reviewed to ensure the clerk does not have to gain approval for every item purchased below £500 as this would be administratively burdensome.</p>	
Budgets	The large variances to budget indicate that the original budget as compiled by the previous clerk was not as accurate as could have been and I recommend council consider this at the next budget setting session.	
Web site – finance pages	I recommend the website is reviewed to make locating these documents easier.	
Charities Commission	The trustee details need to be updated to reflect the council is the sole managing trustee	
2021/22 AGAR	There was no evidence of the external auditor concluded AGAR being taken to council or posted to the council website. The previous clerk has posted an unsigned version. I recommend council try to locate the original hard copy.	

WHAT SMALLER AUTHORITIES NEED TO DO TO ADVERTISE THE PERIOD DURING WHICH ELECTORS AND INTERESTED PERSONS MAY EXERCISE RIGHTS RELATING TO THE ANNUAL ACCOUNTS

The [Local Audit and Accountability Act 2014](#) and the [Accounts and Audit Regulations 2015](#) require that:

- 1) The accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested, during a period of 30 working days set by the smaller authority and including the first 10 working days of July.
- 2) The period referred to in paragraph (1) starts with the day on which the period for the exercise of public rights is treated as having been commenced i.e., the day following the day on which all of the obligations in paragraph (3) below have been fulfilled.
- 3) The responsible financial officer for a relevant authority must, on behalf of that authority, publish **(which must include publication on the authority's website)**:
 - a) the Accounting Statements (i.e., Section 2 of either Form 2 or 3, whichever is relevant, of the Annual Governance & Accountability Return (AGAR)), accompanied by:
 - i) a declaration, signed by that officer to the effect that the status of the Accounting Statements are unaudited and that the Accounting Statements as published may be subject to change;
 - ii) the Annual Governance Statement (i.e., Section 1 of either Form 2 or Form 3, whichever is relevant, of the AGAR); and
 - b) a statement that sets out—
 - i) the period for the exercise of public rights;
 - ii) details of the manner in which notice should be given of an intention to inspect the accounting records and other documents;
 - iii) the name and address of the local auditor;
 - iv) the provisions contained in section 26 (inspection of documents etc.) and section 27 (right to make objections at audit) of the Act, as they have effect in relation to the authority in question;

HOW DO YOU DO IT?

- 1) You will meet statutory requirements if you fully and accurately complete the notice of public rights pro forma in this document, and
- 2) Publish **(including publication on the smaller authority's website)** the following documents, the day before the public rights period commences:
 - a) the approved Sections 1 and 2 of either Form 2 or 3, whichever is relevant to your smaller authority, of the AGAR; and
 - b) the completed Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return. Please note that we have pre-completed it with the following suggested dates: Monday 5 June – Friday 14 July 2023. (The latest possible dates that comply with the statutory requirements are Monday 3 July –Friday 11 August 2023); and
 - c) the notes which accompany the Notice (Local authority accounts: a summary of your rights).

Smaller authority name: **LAVANT PARISH COUNCIL**

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION OF
UNAUDITED ANNUAL GOVERNANCE & ACCOUNTABILITY
RETURN**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

**Local Audit and Accountability Act 2014 Sections 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)**

NOTICE	NOTES
<p>1. Date of announcement Friday 2 June 2023 (a)</p> <p>2. Each year the smaller authority's Annual Governance and Accountability Return (AGAR) needs to be reviewed by an external auditor appointed by Smaller Authorities' Audit Appointments Ltd. The unaudited AGAR has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</p> <p>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2023, these documents will be available on reasonable notice by application to:</p> <p>(b) Hannah-Louise O'Callaghan, Parish Clerk clerk@lavantparishcouncil.co.uk</p> <p>commencing on (c) Monday 5 June 2023</p> <p>and ending on (d) Friday 14 July 2023</p> <p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none">• The opportunity to question the appointed auditor about the accounting records; and• The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority. <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p>4. The smaller authority's AGAR is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</p> <div data-bbox="156 1778 389 1951" data-label="Text"><p>Moore (Ref AP/HD) Rutland House Minerva Business Park Lynch Wood Peterborough PE2 6PZ</p></div> <div data-bbox="533 1715 844 1798" data-label="Image"></div> <p>5. This announcement is made by (e) Andy Beams, RFO</p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.</p> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority</p>

LOCAL AUTHORITY ACCOUNTS: A SUMMARY OF YOUR RIGHTS

Please note that this summary applies to all relevant smaller authorities, including local councils, internal drainage boards and 'other' smaller authorities.

The basic position

The [Local Audit and Accountability Act 2014](#) (the Act) governs the work of auditors appointed to smaller authorities. This summary explains the provisions contained in Sections 26 and 27 of the Act. The Act and the [Accounts and Audit Regulations 2015](#) also cover the duties, responsibilities and rights of smaller authorities, other organisations and the public concerning the accounts being audited.

As a local elector, or an interested person, you have certain legal rights in respect of the accounting records of smaller authorities. As an interested person you can inspect accounting records and related documents. If you are a local government elector for the area to which the accounts relate you can also ask questions about the accounts and object to them. You do not have to pay directly for exercising your rights. However, any resulting costs incurred by the smaller authority form part of its running costs. Therefore, indirectly, local residents pay for the cost of you exercising your rights through their council tax.

The right to inspect the accounting records

Any interested person can inspect the accounting records, which includes but is not limited to local electors. You can inspect the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records. You can copy all, or part, of these records or documents. Your inspection must be about the accounts or relate to an item in the accounts. You cannot, for example, inspect or copy documents unrelated to the accounts, or that include personal information (Section 26 (6) – (10) of the Act explains what is meant by personal information). You cannot inspect information which is protected by commercial confidentiality. This is information which would prejudice commercial confidentiality if it was released to the public and there is not, set against this, a very strong reason in the public interest why it should nevertheless be disclosed.

When smaller authorities have finished preparing accounts for the financial year and approved them, they must publish them (including on a website). There must be a 30-working day period, called the 'period for the exercise of public rights', during which you can exercise your statutory right to inspect the accounting records. Smaller authorities must tell the public, including advertising this on their website, that the accounting records and related documents are available to inspect. By arrangement you will then have 30 working days to inspect and make copies of the accounting records. You may have to pay a copying charge. The 30-working day period must include a common period of inspection during which all smaller authorities' accounting records are available to inspect. This will be 1-14 July 2022 for 2021/22 accounts. The advertisement must set out the dates of the period for the exercise of public rights, how you can communicate to the smaller authority that you wish to inspect the accounting records and related documents, the name and address of the auditor, and the relevant legislation that governs the inspection of accounts and objections.

The right to ask the auditor questions about the accounting records

You should first ask your smaller authority about the accounting records, since they hold all the details. If you are a local elector, your right to ask questions of the external auditor is enshrined in law. However, while the auditor will answer your questions where possible, they are not always obliged to do so. For example, the question might be better answered by another organisation, require investigation beyond the auditor's remit, or involve disproportionate cost (which is borne by the local taxpayer). Give your smaller authority the opportunity first to explain anything in the accounting records that you are unsure about. If you are not satisfied with their explanation, you can question the external auditor about the accounting records.

The law limits the time available for you formally to ask questions. This must be done in the period for the exercise of public rights, so let the external auditor know your concern as soon as possible. The advertisement or notice that tells you the accounting records are available to inspect will also give the period for the exercise

of public rights during which you may ask the auditor questions, which here means formally asking questions under the Act. You can ask someone to represent you when asking the external auditor questions.

Before you ask the external auditor any questions, inspect the accounting records fully, so you know what they contain. Please remember that you cannot formally ask questions, under the Act, after the end of the period for the exercise of public rights. You may ask your smaller authority other questions about their accounts for any year, at any time. But these are not questions under the Act.

You can ask the external auditor questions about an item in the accounting records for the financial year being audited. However, your right to ask the external auditor questions is limited. The external auditor can only answer 'what' questions, not 'why' questions. The external auditor cannot answer questions about policies, finances, procedures or anything else unless it is directly relevant to an item in the accounting records. Remember that your questions must always be about facts, not opinions. To avoid misunderstanding, we recommend that you always put your questions in writing.

The right to make objections at audit

You have inspected the accounting records and asked your questions of the smaller authority. Now you may wish to object to the accounts on the basis that an item in them is in your view unlawful or there are matters of wider concern arising from the smaller authority's finances. A local government elector can ask the external auditor to apply to the High Court for a declaration that an item of account is unlawful, or to issue a report on matters which are in the public interest. You must tell the external auditor which specific item in the accounts you object to and why you think the item is unlawful, or why you think that a public interest report should be made about it. You must provide the external auditor with the evidence you have to support your objection. Disagreeing with income or spending does not make it unlawful. To object to the accounts, you must write to the external auditor stating you want to make an objection, including the information and evidence below and you must send a copy to the smaller authority. The notice must include:

- confirmation that you are an elector in the smaller authority's area;
- why you are objecting to the accounts and the facts on which you rely;
- details of any item in the accounts that you think is unlawful; and
- details of any matter about which you think the external auditor should make a public interest report.

Other than it must be in writing, there is no set format for objecting. You can only ask the external auditor to act within the powers available under the [Local Audit and Accountability Act 2014](#).

A final word

You may not use this 'right to object' to make a personal complaint or claim against your smaller authority. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or to your solicitor. Smaller authorities, and so local taxpayers, meet the costs of dealing with questions and objections. In deciding whether to take your objection forward, one of a series of factors the auditor must take into account is the cost that will be involved, they will only continue with the objection if it is in the public interest to do so. They may also decide not to consider an objection if they think that it is frivolous or vexatious, or if it repeats an objection already considered. If you appeal to the courts against an auditor's decision not to apply to the courts for a declaration that an item of account is unlawful, you will have to pay for the action yourself.

For more detailed guidance on public rights and the special powers of auditors, copies of the publication [Local authority accounts: A guide to your rights](#) are available from the NAO website.

If you wish to contact your authority's appointed external auditor, please write to the address in paragraph 4 of the *Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return*.