

Audit Process for 2023-2024

The External Auditors bill for the 2023/2024 Parish Council accounts has come in at **£6897.60**, including VAT. This is against a budgeted amount of £1000.00 set in January 2023 by the previous Interim Parish Councillors. This outcome is as a direct result of a parishioner raising 38 objections to the accounts, of which, 28 were dismissed in the first two stages of the process. The remaining 10 objections had to be thoroughly investigated. Following this investigation, only one of the original 38 objections was upheld, with a further four being partially upheld. Parishioners will ultimately have to pay this bill via the precept. What follows is the Parish Council's explanation of how we have arrived at our current position, including details of the External Auditor's final comments.

The audit process for Parish Councils was clearly outlined in the Chairman's Report 2025 ([Chairman's Report 2025](#)). At the time of writing the report, the External Audit had not been finalised. It should have been completed and the cost paid several months ago, but it has been delayed significantly, primarily due to the volume of work being undertaken by the Auditor for many councils across the country.

The final report has now been received, as has the invoice for the work undertaken. In the Chairman's Report, we stated that once we were in possession of the report, we would report back to you.

To recap, the Parish Council underwent an Internal Audit for the year 2023-2024. As that internal audit went well, the Parish Council decided to tick 'Yes' to all nine assertions on the Annual Governance Statement, Section 1, basically stating that we were fully compliant with financial regulations. It should be noted that this audit is a 'dip sample' and not an in-depth line-by-line audit.

We are then required to have an External Audit carried out by a firm of accountants. The company currently undertaking our external audits is PKF Littlejohn of Canary Wharf, London. We do not appoint the External Auditor. They are awarded the contract by the Smaller Authorities' Audit Appointments Ltd (SAAA). The SAAA also set the charges for audits.

In basic terms, the external audit provides assurance to residents and the Parish Council that the Parish Council's finances are soundly managed, and the annual accounts present a true and fair view of the Parish Council's income and expenditure and its assets and liabilities.

The basic audit carried out by the External Auditor is called a Limited Assurance Review (LAR). This level of audit is all that the Government demands for parishes such as ours. The cost of this, providing there are no objections or other extenuating circumstances, is **£252**, including VAT. Weasenham Parish Council effectively passed this LAR in September 2024 when the auditor wrote, "*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*".

The process could have ended there at no further cost to residents of the village. However, a parishioner lodged 38 objections against the Parish Council's accounts for the year in question. It must be stressed that all members of the public are entitled to view the accounts during a specified and limited period each year and are then entitled to raise any objections that they may have with the External Auditor. This basic right is not in question. In fact, the Parish Council

believes that it is a necessary right to ensure that council's do not mismanage the funds entrusted to them or otherwise act inappropriately.

The External Auditor suggested that the Parish Council respond to the 38 objections. The Parish Council agreed to do this, but it took the Councillors and the Clerk many hours to pull together information and evidence in an attempt to answer, or give insight to, the 38 objections raised against the 2023-2024 accounts. On several of the points, the Parish Council agreed that matters could have been dealt with in a better way or that matters reported at meetings were not accurately recorded in the minutes. Simple errors that cost the Parish nothing in monetary terms. It was pointed out to the objector by the Parish Council and the Auditor, that if they accepted any of the explanations provided, they could drop them at that point. They would still be looked at by the Auditor, but they would not need as much investigation at a later stage of the process. This would save the Auditor time and, more importantly, save the Parish money. The objector failed to accept any of the explanations and therefore refused to withdraw any of them.

In the first two stages of the process, the Auditor dismissed 28 of the 38 objections on the grounds that they were either ineligible or not worth pursuing further. The remaining 10 objections were classed as 'accepted' and **would be investigated further**. The Parish Council was asked to supply further information and evidence in regard to these 10 objections, which it did.

Following their full investigation and assessment, the Auditor reported that of the 10 final objections, **one** had been fully upheld and **four** had been partially upheld.

The following 'qualifications' (the auditor's term for 'explanations') were provided by the External Auditor in regard to those objections upheld or partially upheld.

“Review of bank reconciliations by the Council: the information provided indicates that the Council was not compliant with the requirements of Assertion 1 or its financial regulations during the year. In our view, the Council should have responded ‘No’ to Assertions 1 and 2 as a result and must ensure that it minutes its review of bank reconciliations at future meetings.”

This is the one and only objection fully upheld by the External Auditor. The Auditor noted that all payments and receipts were listed within the Parish Council meeting minutes and that bank balances were mentioned, but it was not recorded in the minutes that bank balances had been fully reconciled. There is no suggestion that any of the bank balances were incorrect nor that any irregularity was evident. Due to this, we should have ticked 'No' at assertion 1 on the Annual Governance Statement, Section 1, although the Internal Auditor's view was that 'Yes' should be ticked for that section. This issue was a procedural error and did not incur any cost to the Parish.

“Budget monitoring by the Council: the information provided indicates that the Council was not compliant with the requirements of Assertion 1 or its financial regulations during the year. In our view, the Council should have responded ‘No’ to Assertions 1 and 2 as a result and must ensure that it minutes its review of performance against the budget at future meetings.”

This is an important procedural error, which has now been addressed since the receipt of the EA's report. However, due to the timing of the report, it means that the error was also not addressed sufficiently during 2024/25. Again, the External Auditor felt that we should have ticked 'No' at Assertion 1 and Assertion 2. That is to say, because we didn't specifically minute

our review of performance against the budget, we didn't fully meet the standard to tick 'Yes'. This issue did not incur any cost to the Parish.

“Expenditure approval: the Council should ensure that expenditure should be approved in line with its financial regulations and that the amounts recorded in minutes and underlying accounting records should be accurate and complete. We note that although the payments approved at the meeting on 19 March 2024 were all correctly accounted for in the year in which they were made; we are concerned that the Council approved four of the payments before the amounts due had been confirmed as accurate and due for payment. In our view, the Council should have responded ‘No’ to Assertion 2 as a result of these issues.”

Again, despite the bulk of our processes and actions throughout the year meriting a 'Yes' at Assertion 2, this oversight meant that the External Auditor felt that we should have ticked 'No'. This issue was a procedural error and did not incur any cost to the Parish.

“Banking arrangements: the Council acknowledges that there were issues in relation to its banking arrangements in the first half of the year. In our view, the Council should have responded ‘No’ to Assertions 1 and 2 as a result.”

Because the Interim Parish Council, which comprised of District and County Councillors, departed en masse, the new Parish Council did not have access to its own bank accounts for approximately six months. During this period, the Parish Council could not conduct its own financial transactions. Instead, it was reliant upon Breckland District Council. This inevitably caused difficulties, despite the excellent service received from BDC. The Council, as you will note, was fully transparent on this point, but, again, because it could not fully support a 'Yes' at Assertion 2, we are now told that we should have ticked 'No'.

In summary then, 38 objections raised, 28 dismissed in the early stages as being ineligible or not worth further consideration. 10 objections were 'accepted' for further investigation. Of those, **one** was upheld and **four** partially upheld. As you have read, the areas upheld relate to procedural errors and **did not incur any cost to the Parish**. Indeed, the External Auditor has stated that no further action will be taken regarding the upheld or partially upheld objections.

That said, the Parish Council is not complacent about the fact that some objections were upheld/partially upheld. It is necessary to take steps to ensure that appropriate actions are now taken by the Parish Council so that the errors are not repeated. These measures are:

- The Parish Council will report and minute that all month-end bank reconciliations have taken place, together with the reconciled figure and confirmation that the Internal Control Officer has checked the calculation.
- The Parish Council will monitor payments and income against the budget regularly. At Parish Council meetings this will be discussed, and any necessary adjustments will be minuted.
- The Parish Council will ensure all invoices are considered for accuracy prior to resolving to make payments at the meeting. This will include any payments made prior to the meeting. This will be recorded in the minutes.
- The Parish Council will ensure that any extraordinary banking arrangements are risk assessed, and measures put in place to prevent risks to the Parish Council.

Had the objector accepted the original explanations from the Parish Council, much, if not all, of the expensive Stage 3 investigations could have been avoided, but that wasn't the case. Instead, the Parish Council has been billed for 15.6 hours of investigatory work. At an hourly rate of £426 including VAT, that leaves us with an additional charge of **£6,645.60**. To this, we need to add the original £252, leaving us facing a bill of **£6,897.60**. This cost, minus the VAT element, which can be reclaimed, **must** come from the Precept and will be paid by each and every one of us through the Council Tax system. It's up to everyone within the Parish to individually decide if the Auditor's findings merit this huge sum of money, or could it have been better spent improving the day-to-day lives of parishioners?

Weasenham Parish Council