

[REDACTED]
[REDACTED]
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Our ref RP/47131/SAAA/NO0429

Your ref

Email sba@pkf-l.com

Sent via email: [\[REDACTED\]](#)

29 April 2021

Dear [REDACTED],

Stoke Ferry Parish Council: audit of accounts for the year ended 31 March 2020

Thank you for your emails dated 24 June, 3 July and 7 August 2020 in connection with Stoke Ferry Parish Council ('SFPC' or 'the Council'). You have raised three matters in respect of the 2019/20 Annual Governance and Accountability Return (AGAR); the matters raised have been summarised below (numbered 1 – 3):

1. You object to the 'non-staff expenditure figure for 2019/20' (Box 6), which you assert is 'mis-stated and should be £1,500 less', on the basis of a payment made to Cllr Lintern which you state was not lawfully authorised.
2. You object to the other income figure (Box 3) and the other payments figure for 2019/20 (Box 6), both of which you assert should be higher by £400.
3. You object to the 'accounts on the basis that the AGAR has not been approved in a lawfully-convened Stoke Ferry Parish Council meeting', since you assert that 'the June 'meeting' agenda did not specify the place of the meeting to the public'.

In this letter, we:

- summarise the requirements for an eligible objection;
- set out with reasons the objection that we have formed the view is not eligible;
- explain the factors that we have taken into account in deciding which objections we are going to consider;
- set out the objections that we have decided to consider and not to consider and the reasons for those decisions;
- set out the conclusions of our consideration of the objections and any actions that we are minded to take as a result.

We have considered whether each accepted objection should be included in a public interest report and whether we should apply for a declaration under section 28(3) of the Local Audit and Accountability Act 2014 in respect of any items of account.

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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 2015, in exercise of their duties under paragraphs 1 and 2 of Schedule 6 to the 2014 Act, the Comptroller and Auditor General prepared and published a Code of Audit Practice ('the 2015 Code') prescribing the way in which local auditors are to carry out their functions;
- paragraph 9 of Schedule 6 of the 2014 Act empowers the Comptroller and Auditor General to issue guidance to auditors;
- paragraph 1.11 of the 2015 Code states that auditors should 'have regard' to guidance issued under paragraph 9 of Schedule 6 of the 2014 Act.

In February 2018, 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 20 to 28 of AGN 04 provide guidance on determining whether an objection is eligible. We have had regard to that guidance.

Eligibility of objections

We have to satisfy ourselves that:

- at the time you objected to the Council's accounts for the year ended 31 March 2020, you were a local government elector for the Council's area;
- your objections have been made in writing;
- you provided a copy of your objections to the Council; and
- you gave notice of your objections within the requisite 30-day period.

We have formed the view that, other than in respect of the objection below, your notices of objection meet the requirements of Regulation 17 of the 2015 Regulations.

In respect of the following objection, we have formed the view that your objection does not meet the requirements of Regulation 17 of the 2015 Regulations:

Objection 3:

You object to the accounts on the basis that the AGAR has not been approved in a lawfully-convened Stoke Ferry Parish Council meeting, since you assert that the June 'meeting' agenda did not specify the place of the meeting to the public.

This objection was not received by us during the period provided for the exercise of public rights, nevertheless, we have considered this matter as part of our review of the AGAR as it constitutes information that has been brought to our attention. We have included our response on this matter as a courtesy, as you have raised other matters that do qualify as formal objections.

We have reviewed the agenda for the June 2020 meeting on the SFPC website which states that the meeting was to be held virtually on Zoom and gave information on how to access the meeting.

Conclusion: In our view, whilst this objection does not meet the requirements of Regulation 17 of the 2015 Regulations, we have not seen any evidence to suggest the meeting at which the AGAR was approved was convened unlawfully.

Factors taken into account in deciding whether to consider objections

Section 27(3) of 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, whether appointed under the 2014 Act or section 16 of the Audit Commission Act 1998.

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 38 AGN 04 provides 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.

We have written to the Council and received its formal response and all the additional information that we requested.

Objections we are going to consider and not consider

We have carefully considered all 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.

Two of the objections raised have been accepted as eligible and considered under Step 2 of Auditor Guidance Note 4, Auditors' Additional Powers and Duties (AGN 04); however, they have not been accepted for further consideration under Step 3 of AGN 04 for the reasons set out below. Please note, AGN 04 can be found using the following link:

<https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2017/01/Auditor-Guidance-Note-04-Auditors-Additional-Powers-and-Duties.pdf>

Taking each of the objections accepted under Step 2 of AGN 04 in turn:

Objection 1:

You object to the non-staff expenditure figure for 2019/20 (Box 6), which you assert is mis-stated and should be £1,500 lower. You assert that the Council made a payment to Cllr intern which was not lawfully authorised and was not Council expenditure.

We note that expenditure of up to £1,500 on the Mid-Summer Fayre had been approved by the Council at the April 2019 meeting and that the payment of £1,500 to Cllr Lintern, representing a partial refund for expenses that she had incurred in respect of the Mid-Summer Fayre, was approved at the July 2019 meeting. We have reviewed the backing documentation in relation to these expenses, including those that Cllr Lintern did not claim back from the Council.

Conclusion: It is our view that the expenditure of £1,500 is correctly included in Box 6 (other payments), was not unlawful and had been approved by the Council.

Objection 2:

You object to the other income figure (Box 3) and the non-staff expenditure figure for 2019/20 (Box 6), both of which you assert should be higher by £400. You assert that £400 of income as a result of the summer fete and £400 of expenditure on 'village causes' was not accounted for. You also assert that this expenditure was not lawfully authorised by SFPC.

We note that the figure raised at the Mid-Summer Fayre was £410. The July 2019 minutes refer to the funds raised being 'for the village' and the August 2019 minutes state that, in line with the prior year, the funds raised were to be divided between organisations that had taken part in the organisation and preparation of the day, namely the Stoke Ferry Village Hall and the Stoke Ferry Playing Field Committee. The approval minute reference is 190/19 and the Council has confirmed that these payments were made in cash but, as you rightly say, this was not included as an item of account in the original AGAR. We note that the figures in Boxes 3 and 6 did not include this amount of £410 and therefore the accounts were incorrectly stated. The Council has since submitted an amended AGAR correcting these errors.

Conclusion: In our view, the accounts were incorrectly stated and we are minded to raise the fact that the AGAR had to be amended as a reporting matter in our external auditor report on the 2019/20 AGAR. It is our view that the distribution of the funds raised had been approved by the Council.

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. With regard to objection 1, you have a right to appeal our decision not to apply for a declaration under section 28(3) of the Local Audit and Accountability Act 2014. It should be noted that even if we were of the view that the item of account queried was unlawful, the cost of making an application to the court to have it declared as such would be disproportionate to the amount concerned. Should you

wish to appeal our decision not to apply for a declaration, you must issue your appeal with the High Court within the period of 21 days beginning with the day after you receive this statement of written reasons.

Yours sincerely

A handwritten signature in black ink, appearing to read "PKF Littlejohn LLP", with a stylized flourish at the end.

PKF Littlejohn LLP

cc Stoke Ferry Parish Council c/o Helen Richardson – Clerk/RFO to the Council