

From: SBA <SBA@pkf-l.com>

Sent: Wednesday, November 6, 2024 7:16:42 PM

To: >

Cc: Councillor Bernard Arscott <cllrarscott@leighonseatowncouncil.gov.uk>

Subject: LEIGH-ON-SEA TOWN COUNCIL - OBJECTIONS TO 2023/24 AGAR - ELIGIBILITY DECISIONS

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

Dear Ms

Thank you for your email (and attached letter of objection) which was received by us as appointed auditors to the Council on 27 July 2024.

Requirements for an eligible objection

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

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

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

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

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

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

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

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

- Confirm that the objections were received by us during the Council's public rights period;

- Confirm that you have sent a copy of your objections and any attachments to the Council;
- Confirm that each objection contains the facts relating it to an item of account and/or a governance assertion on the 2023/24 AGAR;
- Confirm that each objection contains the grounds explaining why an item of account on the 2023/24 AGAR is alleged to be unlawful and/or why a governance assertion on the 2023/24 AGAR is alleged not to have been complied with by the Council; and
- Receive confirmation from the Council that you were a registered elector of the parish on the date that we received your objections.

Your objections

You have objected to:

1. the breaches of GDPR during the inspection appointments as part of the exercise of your and others' public rights during summer 2024;
2. the 2023/24 total assets figure, which does not include additions during the year (Box 9);
3. expenditure during the year on HR support from WorkNest which was not transparent (Box 6);
4. the procurement of an HR contract totalling £79,200 plus VAT following approval in January 2024 which you allege did not follow the correct procurement process in line with the Council's contract standing orders (SOs) and financial regulations (FRs) or the Public Contracts Regulations 2015 (Box 6, Assertions 2 and 3);
5. the Council's failure to publish an explanation for its 'No' response to Assertion 1 in respect of:
 - the approval process for the AGAR, since the Annual Governance Statement was not approved in advance of the Accounting Statements and the Annual Governance Statement was not signed by the Clerk to the approval meeting;
 - the RFO's failure to certify the Accounting Statements in advance of presenting them to the Council for approval;
 - the Council's failure to appoint an RFO for part of the year;
 - The Council's failure to review regular bank reconciliations during the year;
 - The Council's failure to properly prepare the 2024/25 budget and precept setting papers;
 - The Council's failure to consider its reserves policy or earmarked reserves levels;
 - The Council's failure to follow practices in respect of the Accounting Statements (see objection 2 above);
 - The Council's failure to carry out budget monitoring during the latter half of the year;
6. the Council's response to Assertion 2 in respect of:

- . failure to comply with FRs and SOs on a regular basis, e.g. the tendering of the Café contract, the Council's failure to approve payments made since 19/12/2023, no evidence of members' internal control checks;
 - . failure to safeguard public money due to e.g. lack of bank signatories, failure to comply with FRs, lack of training undertaken by those responsible for finance;
 - . its failure to carry out a review of the effectiveness of the system of internal control in line with Regulation 6 of the Accounts and Audit Regulations 2015;
7. the Council's response to Assertion 3 in respect of:
- . compliance with laws and regulations, since you assert that the Council did not have the relevant expertise;
 - . email management;
8. the Council's response to Assertion 5 in respect of its failure to carry out a review of its risk management arrangements during the year;
9. the Council's response to Assertion 7 in respect of its failure to consider the interim and final internal audit reports, since these have not been presented to the Council; and
10. the Council's response to Assertion 8 in respect of its failure to consider employment and email issues when approving the Annual Governance Statement.

Our eligibility decisions

Your objections were received by us during the Council's public rights period and have been copied to the Council. The items in Objections 2/3/4/6/8/9/10 are all linked to governance assertions or items of account in the 2023/24 AGAR and the grounds for the objections have been explained; they would therefore be considered to be eligible in those respects. We will be in touch in due course with our decision regarding the acceptance of any eligible objections for further consideration.

We have assessed Objections 1 and 5a, b, c, d, e, f, g and h as ineligible since they do not relate to an incorrect governance assertion or item of account on the 2023/24 AGAR. We have assessed Objections 7a and b as ineligible since the facts and grounds on which the objection relies have not been specified. We will consider whether in our view the ineligible objections have an impact on the 2023/24 AGAR or on our report on the AGAR before completing our limited assurance review of the AGAR.

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

Overview of the objection process, timescales and costs

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

- Step 1 – eligibility:
 - Receipt of objections;
 - Assessment of objections against eligibility criteria;
 - Notification of eligibility decisions (copied to Council – i.e. this email); and

- Confirmation of objector's electoral status.
- Step 2 – acceptance:
 - Assessment of eligible objections against acceptance criteria; and
 - Notification of acceptance decisions (copied to Council).
- Step 3 – consideration & decision:
 - Request for information including formal response from Council in respect of accepted objections (copied to objector);
 - Analysis of accepted objections and information received from Council;
 - Request for further clarification/information from objector and/or Council if required (copied to objector/Council);
 - Collation and redaction of material documents as appropriate;
 - Sharing of material documents if not previously shared with objector;
 - Analysis of comments received on material documents;
 - Determination of accepted objections;
 - Decision letter including statement of reasons issued to objector (copied to Council);
 - Statutory reporting issued to Council if appropriate (copied to objector); and
 - Appeal period if our decision is not to apply to the Courts regarding an alleged unlawful item of account (21 days).
- Following completion of the challenge work:
 - Completion of our limited assurance review of the AGAR
 - External auditor report, including any challenge related reporting matters, and certificate on 2023/24 AGAR issued to Council along with invoice for the limited assurance review and the additional work as a result of challenge correspondence received

We are required to make our best endeavours to complete Step 1 within a week of receipt, then Step 2 within a further month, then Step 3 within a further six months. Where we are not able to decide the objection within six months, we will inform the objector and the authority. If we have not been able to conclude in the meantime, we will provide further updates on progress every three months until the objection is decided.

Please note that all the costs of any additional work that we carry out as a result of challenge correspondence received are met by the Council (and therefore the local taxpayers through increased council tax). The costs are set by Smaller Authorities Audit Appointments Ltd (SAAA) and such work is carried out by an engagement lead at a cost to the authority of £355 per hour plus VAT, i.e. £2,485 per day plus VAT. If you wish to withdraw any or all of your objections to the AGAR, this can be done at any point in the process. We will still consider whether in our view the withdrawn objections have an impact on the 2023/24 AGAR or on our report on the AGAR before completing our limited assurance review of the AGAR; however, the additional reporting stages of the process will be avoided and so the costs to the Council will be lower.

Kind regards

PKF Littlejohn