clerk@spoonerrow-cc.gov.uk

From:	SBA <SBA@pkf-l.com>
Sent:	26 March 2025 20:49
To:	clerk@spoonerrow-cc.gov.uk; SBA
Cc:	[redacted]
Subject:	RE: SPOONER ROW COMMUNITY COUNCIL - OBJECTIONS TO 2023/24 AGAR - REQUEST FOR INFORMATION FROM COUNCIL - STEP 3
Attachments:	RE: Concerns regarding Spooner Row Community Council (852 KB)

Copied to the objector for information TO CLERK

Dear Ms Clarke

Further to our email below, please could you collate and take to a full Council meeting for approval the Council's formal response to the accepted objections along with relevant supporting documentation (or links to it). The accepted objections are as follows:

Objection 1: You object to the approval process for the AGAR.

Comments: We note that this objection relates to the responses given in Assertions 1 and 2 of the Annual Governance Statement.

Conclusion: We accept this objection for further consideration.

Objections 3a-f: You object to the Council's non-compliance with standing orders and financial regulations in respect of:

a. the preparation of quarterly financial statements;
b. the failure to update mandated policies;
c. the management of an employee including a pay rise and changes to the number of working hours;
d. the authorisation and payment of invoices;
e. process in respect of grant applications; and
f. the failure to obtain comparable quotes for items of expenditure during the year.

Comments: We note that these objections relate to the response given in Assertion 2 of the Annual Governance Statement.

Conclusion: We accept these objections for further consideration.

Objection 6: You object to the accuracy of the preparation of the accounting statements.

Comments: We note that this objection relates to the response given in Assertion 1 of the Annual Governance Statement as well as items of account in the Accounting Statements.

Conclusion: We accept this objection for further consideration.

Objection 7a: You object to the failure of the clerk to use HMRC basic tools when calculating the monthly payroll, leading to errors in the payroll and additional costs associated with an external pay review.

Comments: We note that this objection relates to items of account in Boxes 4 and 6 of the Accounting Statements.

Conclusion: We accept this objection for further consideration.

Within the response, and in respect of the accepted objections only, please address the detailed concerns raised by the objector in their original objections (attached). Please note that if approval of the formal response is carried out in a public session, the objector's identity must be protected in discussion and redacted in the agenda papers. Since the objector is also a councillor, if he attends the meeting, he will need to declare a personal interest in the item and leave the room during the discussion and vote on the draft response and supporting evidence.

Please include the following supporting information in addition to any evidence that the Council wishes to submit:

- Copies of the standing orders and financial regulations that were in force during 2023/24;
- Supporting papers provided to the Council to prepare for the consideration and approval of the draft AGAR;
- Breakdown of the costs of the payroll provider included in Box 6;
- Details of any amendments made following errors in the payroll figures.

Please submit this response and supporting evidence to us (**copied to the objector**) by email by **7 May 2025**; this date can be flexed if necessary to fit in with the Council's meeting schedule.

Please note that we have also received correspondence containing 'information brought to the auditor's attention', i.e. not formal objections that would be copied to the Council. It is one of our statutory responsibilities to consider whether any of the information brought to our attention has an impact on the AGAR or on our report on it before completing our work on the 2023/24 AGAR. Please be aware that as a result, a further information request to the Council may be issued once this information has been analysed. We will not report directly to the correspondent(s) regarding the outcome of this additional work, but any resulting reporting matters will be raised in our publicly available reports to the Council.

Kind regards

Rebecca

Rebecca Plane | Head of Challenge | Engagement Lead
PKF
For and on behalf of PKF Littlejohn LLP
T +44 (0) 20 7516 2200
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https://www.pkf-l.com/services/limited-assurance-regime

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

For and on behalf of

PKF Littlejohn LLP

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London E14 4HD
United Kingdom

www.pkf-l.com

Tel: +44(0)20 7516 2200

From: SBA <SBA@pkf-l.com>
Sent: 26 March 2025 20:33
To: [redacted]; SBA <SBA@pkf-l.com>
Cc: clerk@spoonerrow-cc.gov.uk
Subject: RE: SPOONER ROW COMMUNITY COUNCIL - OBJECTIONS TO 2023/24 AGAR - ACCEPTANCE DECISIONS - STEP 2

TO OBJECTOR.

Copied to the Council for information

Dear [redacted]

Further to our previous correspondence regarding your objections to the 2023/24 Annual Governance and Accountability Return (AGAR), we are writing to you in accordance with our responsibilities under the Code of Audit Practice as issued by the National Audit Office (NAO) to inform you which of the objections that we deemed to be eligible we have decided to accept for further consideration.

Factors taken into account in deciding whether to consider objections

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

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

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

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

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

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

Paragraphs 33 to 44 of the NAO Auditor Guidance Note 04 (AGN 04) provide guidance on deciding whether to consider objections at Step 2 of the objection process. Paragraph 37 emphasises that the grounds set out in section 27(3) of the 2014 Act do not constitute an exhaustive list. Please note that there is no right of appeal against a decision not to issue a public interest report in respect of any of the objections.

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

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

In this email we:

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

Your eligible objections

You have raised nine matters in respect of the 2023/24 AGAR that we have previously deemed to be eligible objections. You have objected to:

1. the approval process for the AGAR;
3. The Council's non-compliance with standing orders and financial regulations in respect of:
    a. the preparation of quarterly financial statements;
    b. the failure to update mandated policies;
    c. the management of an employee including a pay rise and changes to the number of working hours;
    d. the authorisation and payment of invoices;
    e. process in respect of grant applications;
    f. the failure to obtain comparable quotes for items of expenditure during the year;
6. the accuracy of the preparation of the accounting statements; and
7. matters in relation to staff costs:
    a. the failure of the clerk to use HMRC basic tools when calculating the monthly payroll, leading to errors in the payroll and additional costs associated with an external pay review.

Step 2 – acceptance decisions

All nine of your eligible objections have been accepted for further consideration:

Objection 1: You object to the approval process for the AGAR.

Comments: We note that this objection relates to the responses given in Assertions 1 and 2 of the Annual Governance Statement

Conclusion: We accept this objection for further consideration.

Objections 3a-f: You object to the Council's non-compliance with standing orders and financial regulations in respect of:

a. the preparation of quarterly financial statements;

b. the failure to update mandated policies;

c. the management of an employee including a pay rise and changes to the number of working hours;

d. the authorisation and payment of invoices;

e. process in respect of grant applications; and

f. the failure to obtain comparable quotes for items of expenditure during the year.

Comments: We note that these objections relate to the response given in Assertion 2 of the Annual Governance Statement.

Conclusion: We accept these objections for further consideration.

Objection 6: You object to the accuracy of the preparation of the accounting statements.

Comments: We note that this objection relates to the response given in Assertion 1 of the Annual Governance Statement as well as items of account in the Accounting Statements.

Conclusion: We accept this objection for further consideration.

Objection 7a: You object to the failure of the clerk to use HMRC basic tools when calculating the monthly payroll, leading to errors in the payroll and additional costs associated with an external pay review.

Comments: We note that this objection relates to items of account in Boxes 4 and 6 of the Accounting Statements.

Conclusion: We accept this objection for further consideration.

In due course, we will allocate the challenge file to an engagement lead who may contact you for clarification of the accepted objections. Thank you for your patience with the challenge process.

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; we apologise for the delays in carrying out Steps 1 and 2 this year. Where we are not able to decide the objection at Step 3 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.

Kind regards

Rebecca

Rebecca Plane | Head of Challenge | Engagement Lead
PKF
For and on behalf of PKF Littlejohn LLP
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sba@pkf-l.com
https://www.pkf-l.com/services/limited-assurance-regime

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

From: SBA <SBA@pkf-l.com>
Sent: 13 December 2024 12:53
To: [redacted]
Cc: clerk@spoonerrow-cc.gov.uk; SBA <SBA@pkf-l.com>
Subject: SPOONER ROW COMMUNITY 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 [redacted]

Thank you for your email (and attached letter of objection) which was received by us as appointed auditors to the Council on 5 August 2024. Apologies for the delay in carrying out the eligibility decisions.

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 approval process for the AGAR. (Assertion 1 and 2);
2. expenditure during the year included in Boxes 4 and 6 of the AGAR that you could not validate to the council's bank account;
3. The Council's non-compliance with standing orders and financial regulations in respect of:
    a. the preparation of quarterly financial statements. (Assertion 2);
    b. the failure to update mandated policies. (Assertion 2);
    c. the management of an employee including a pay rise and changes to the number of working hours. (Assertion 2);
    d. the authorisation and payment of invoices. (Assertion 2);
    e. process in respect of grant applications. (Assertion 2);
    f. the failure to obtain comparable quotes for items of expenditure during the year (Assertion 2)
4. the failure to follow internal controls;
5. the lack of access to information requested;
6. the accuracy of the preparation of the accounting statements. (Assertion 1);
7. matters in relation to staff costs:
    a. the failure of the clerk to use HMRC basic tools when calculating the monthly payroll, leading to errors in the payroll and additional costs associated with an external pay review . (Boxes 4 and 6) ;
    b. the failure of the clerk to update the council in relation to the website project;
8. various issues regarding the internal audit and the content of the internal auditor's report on the 2023/24 year; and
9. the dates and publication of the public rights period.

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 1, 3a-f, 6 and 7a 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 2 and 4 as ineligible since the facts and grounds on which the objection relies have not been specified. We have assessed Objections 5, 7b and 8 as ineligible since they do not relate to a governance assertion or item of account on the 2023/24 AGAR. We have assessed Objection 9 as ineligible as it is in relation to the public rights period during the year 2024/25 i.e. July/August 2024. 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.

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. Steps 1 and 2 have been severely delayed this year due to the unprecedented volume of objections and other challenge correspondence received during 2024, we apologise for the delays as a result of this. Where we are not able to complete Step 3 and 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.

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

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

Kerry

Kerry Cutting | Director | Engagement Lead
PKF
sba@pkf-l.com

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