PKF

[redacted]

DDI:
+44 (0)20 7516 2200
Email:
sba@pkf-l.com
Date:
10 September 2025
Ref:
AS/47131/SAAA/NO0542

Sent by email: [redacted]

SPOONER ROW COMMUNITY COUNCIL: Objections to the AGAR for the year ended 31 March 2024

D[redacted]

Thank you for your email and attached notice of objection dated 5 August 2024 in connection with Spooner Row Community Council (the Council). You have raised matters in respect of the 2023/24 Annual Governance and Accountability Return (AGAR).

We wrote to you on 26 March 2025 to inform you that nine of your eligible objections had been accepted for further consideration. We have written to the Council and received its formal response and all of the additional information that we requested, including one sensitive and confidential item. All documents material to our decisions on the accepted objections are in the public domain or have previously been shared with you, except for the sensitive/confidential item.

You have asked us to consider reporting on these matters in a public interest report and to consider the lawfulness of the items of account in 2023/24. 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 (the 2014 Act) in respect of Objections 6 and 7a.

Our decisions following consideration of the accepted objections under Step 3 of the National Audit Office's Auditor Guidance Note 04 are set out below:

> **Objection 1:** You object to the approval process for the AGAR.
>
> **Findings:** This objection relates to the responses given in Assertions 1 and 2 of the Annual Governance Statement.
>
> We note that the Council's standing orders include the following requirements in relation to the approval of the AGAR:

SO17e The year-end accounting statements shall be prepared in accordance with proper practices and apply the form of accounts determined by the Council (receipts and payments) for the year to 31 March. A completed draft annual governance and accountability return shall be presented to all councillors at least 5 days prior to anticipated approval by the Council. The annual governance and accountability return of the Council, which is subject to external audit, including the annual governance statement, shall be presented to the Council for consideration and formal approval before 30 June.

The Council's draft AGAR was uploaded online for councillors to review on 21 April 2024, and was formally approved at its meeting on 13 June 2024. The Council comments that prior to the meeting, all supporting documentation was made available online for councillors to review.

The Council further comments that during the meeting it was resolved to approve each assertion in the AGAR in the order presented on the official forms.

We note that the Council's minutes state the following:

2024/0134 Annual Governance Statement.

a. To hear a proposal to approve section 1 of the Annual Governance Statement 2023/24 - pg 5 of the AGAR to be signed by the Chair & Clerk

b. To hear a proposal to approve section 2 of the Annual Governance Statement 2023/24 - pg 6 of the AGAR to be signed by the Chair

a, agreed.

b, agreed.

It was proposed to delegate authority to complete the AGAR requirements for the 2023-24 year to the Clerk and Chair.

Proposed, Seconded, Agreed

Based on the information before us we consider that the Council has approved the AGAR in an appropriate manner.

Conclusion: We do not uphold this objection.

Objection 3a: You object to the Council's non-compliance with standing orders and financial regulations in respect of the preparation of quarterly financial statements.

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement.

The Practitioners' Guide includes the following mandatory requirement for a positive response to Assertion 1:

1.9 Accounting records and supporting documents — All authorities, other than parish meetings where there is no parish council, need to appoint an officer to be responsible for the financial administration of the authority in accordance with section 151 of the Local Government Act 1972. Section 150(6) of the same Act makes the chair of a parish meeting (where there is no parish council) responsible for keeping its accounts. The authority needs to have satisfied itself that its Responsible Finance Officer (RFO) has determined a system of financial controls and discharged their duties under

> *Regulation 4 of the Accounts and Audit Regulations 2015. The RFO needs to have put in place effective procedures to accurately and promptly record all financial transactions and maintain up to date accounting records throughout the year, together with all necessary supporting information. The accounting statements in Section 2 of the Annual Governance and Accountability Return need to agree to the underlying records.*

The Practitioners' Guide includes the following mandatory requirement for a positive response to Assertion 2:

> *1.14 Standing Orders and Financial Regulations. The authority needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the way tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.*

We note that the Council's Standing Orders include the following:

> *17. ACCOUNTS AND ACCOUNTING STATEMENTS*
>
> *c The Responsible Financial Officer shall supply to each councillor as soon as practicable after 30 June, 30 September and 31 December in each year a statement to summarise:*
>
> *i. the Council's receipts and payments for each quarter;*
>
> *ii. the Council's aggregate receipts and payments for the year to date;*
>
> *iii. the balances held at the end of the quarter being reported and which includes a comparison with the budget for the financial year and highlights any actual or potential overspends.*

The Council comments that its Standing Orders and Financial Regulations clearly state that the preparation of the quarterly financial statements is the responsibility of the RFO.

The Council further comments that between May and September 2023, it did not have an appointed RFO or Deputy RFO. During this period, the clerk had not yet been formally appointed to the RFO role, and the banking policies in place did not authorise the clerk to undertake RFO duties. As a result, no quarterly financial reports were produced during this time.

The Council also comments that all financial records, including the accounting spreadsheet, were made available to councillors for inspection and that all payments were listed for approval in the minutes, and the financial files, including the cashbook, were accessible to all councillors.

If what the Council stated above were to be the case, this would be considered a serious failing, as it is a legal requirement to have an RFO in place at all times. However, having reviewed the Council's minutes we consider that the position would be more appropriately reflected by the following timeline:

> 9 March 2023 – At the Council meeting the RFO (who was also a councillor) announced that he would not be standing for re-election in May 2023.
>
> 8 June 2023 – The Council minutes include the following confirmation: *The Clerk confirmed that Stephen Ward is the RFO. Mr Ward was appointed the RFO in June 2019. He continues in this role his after stepping down from being a councillor in May.*

Thanks were given for his continued work in the role and the voluntary service he provides for the community.

14 September 2023 - The Council minutes include the following: *Stephen Ward reminded all that he is a volunteer and resigned from the position. Councillor Sue Hewitson thanked Stephen Ward for all of his work since the inception of the council ...*

20 September 2023 – A meeting of the Employment Committee that was declared inquorate (following the resignation of a councillor leaving only two councillors in attendance) and therefore it was not able to make formal decisions. The meeting proceeded informally, and it was agreed how the Council intended to address the conclusions reached in the Norfolk Parish Training and Support (NPTS) service's independent assessment of the clerk's role.

10 October 2023 – The Council minutes include the following: *To ratify the appointment of Dawn Clarke as RFO and note the updated terms of employment.*

We therefore conclude that there was short period when the Council had no RFO in post i.e. 14 September 2023 to 10 October 2023.

We therefore conclude that the Council should have answered 'No' to Assertion 1 regarding the short period when the Council did not have an RFO in post and 'No' to Assertion 2 regarding the non-preparation of quarterly financial reports for part of 2023/24.

Conclusion: We uphold this objection and are minded to raise reporting matters in our external auditor report on the 2023/24 AGAR in respect of these matters.

Objection 3b: You object to the Council's non-compliance with standing orders and financial regulations in respect of the failure to update mandated policies.

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement.

We note that both the Council and the objector seem to agree that mandated policies are not all up to date. However, there is a difference of view as to the cause of the situation.

We therefore conclude that the Council should have answered 'No' to Assertion 2.

Conclusion: We uphold this objection and are minded to raise a reporting matter in our external auditor report on the 2023/24 AGAR in respect of this matter.

Objection 3c: You object to the Council's non-compliance with standing orders and financial regulations in respect of the management of an employee including a pay rise and changes to the number of working hours.

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement.

The Practitioners' Guide includes the following mandatory requirement for a positive response to Assertion 2:

1.16 Employment — The remuneration payable to all employees needs to be approved in advance by the authority. In addition to having robust payroll arrangements which cover the accuracy and legitimacy of payments of salaries and wages, and associated *liabilities, the authority needs to ensure that it has complied with its duties under employment legislation and has met its pension obligations.*

We note that the Council's Financial Regulations include the following:

7. PAYMENT OF SALARIES

7.1. As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Council.

7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.

The Council comments that when notifying the Council of his intention to step down following the May elections, the RFO advised that the RFO responsibilities should be transferred to the clerk or another Councillor and offered to continue in a voluntary capacity to support the transition.

The Council also comments that this was discussed in Council meetings and the clerk agreed to take on the RFO role, subject to a review of her working hours and pay scale. To support this process, the Council engaged the NPTS service to conduct an independent assessment of the clerk's role. The Council comments that this included a review of long-standing underpayment issues and the additional responsibilities associated with the RFO function.

The Council further comments that following this evaluation, NPTS recommended a structured uplift in pay and hours. However, due to the complexity of the proposed multi-step adjustments, Employment Committee opted to recommend a simplified approach. A two-step uplift was agreed, which included:

- A revised salary scale and increased contracted hours;
- Payment for outstanding unpaid holiday;
- Compensation for additional hours worked; and
- Study leave in line with the CiLCA qualification agreement, which had been previously budgeted for.

The Council states that these recommendations were considered in an inquorate Employment Committee meeting (on 20 September 2023) and a proposed approach was agreed which was subsequently approved by the Council (on 10 October 2023). The Council comments that the decision to simplify the NPTS recommendations was documented, and the agreed changes were implemented accordingly.

We note that the proposed approach to implementing the clerk's revised terms and conditions as the clerk/RFO agreed by the inquorate Employment Committee for approval at the October Council meeting were broadly consistent with the conclusions from the NPTS independent review. We further note that the Council's approach is consistent with its Financial Regulations and that the actual terms and conditions of employment are considered to be a policy decision of the Council.

Conclusion: We do not uphold this objection.

Objection 3d: You object to the Council's non-compliance with standing orders and financial regulations in respect of the authorisation and payment of invoices.

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement.

The objector comments that he noticed that invoices were not being uploaded to a share point folder, but payments were still being authorised by the Chair each month. The objector further comments that from September 2023 no invoices were uploaded for 7 months, until 17 April 2024.

The Council has commented that invoices are placed in the monthly folder as part of the document pack made available to all councillors for review. The Council further comments that invoices are then listed and authorised at Council meetings, with the decisions recorded in the minutes.

The Council also comments that once authorised, the clerk enters the payment details into the Council's online banking system and that during 2023/24 the Chair and the objector were the two councillors who could authorise the payments by providing the second electronic signature that triggers payment.

The Council comments that all councillors are notified when payments are ready to be authorised, after which either of the designated councillors can complete the process. The Council explains that once paid, invoices are copied from the meeting pack to the invoices file, assigned a payment reference number that matches the spreadsheet record, and stored electronically for audit purposes (where legally permissible).

The Council comments that if any councillor has a query about an invoice, they should raise it with the clerk, who will confirm its details and location of the invoice. The Council further comments that to date, there has been no instance of invoices being reported "missing", and no such issue has been identified by the Council's internal auditor.

Based on the information before us, we conclude that the Council appears to have followed its procedures.

Conclusion: We do not uphold this objection.

Objection 3e: You object to the Council's non-compliance with standing orders and financial regulations in respect of the process in respect of grant applications.

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement.

The Practitioners' Guide includes the following mandatory requirement for a positive response to Assertion 2:

> *1.14 Standing Orders and Financial Regulations. The authority needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the way tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.*

We note that the Council is required to adopt a Code of Conduct for councillors under section 27 (2) of the Localism Act 2011. The Council's Code of Conduct includes the following regarding the registering of interests and the impact on a councillor's participation in decision making (please note that we have not included the relevant tables that are referred to in the extracts set out below):

Appendix B Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in Table 2 (Other Registerable Interests).

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

Non-participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in Table 1, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in Table 2), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room.

8. Where a matter arises at a meeting which affects –

a. your own financial interest or well-being;

b. a financial interest or well-being of a relative or close associate; or

c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in Table 2 *you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied*

9. Where a matter (referred to in paragraph 8 above) affects the financial interest or well-being:

> *a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;*
>
> *b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest*

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

We also note that Section 13 of the Council's Standing Orders state:

CODE OF CONDUCT AND DISPENSATIONS

a. *All councillors and non-councillors with voting rights shall observe the code of conduct adopted by the Council.*
b. *Unless they has been granted a dispensation, a councillor or non-councillor with voting rights shall withdraw from a meeting when it is considering a matter in which they has a disclosable pecuniary interest. They may return to the meeting after it has considered the matter in which they had the interest.*
c. *Unless they has been granted a dispensation, a councillor or non-councillor with voting rights shall withdraw from a meeting when it is considering a matter in which they have another interest if so required by the Council's code of conduct. They may return to the meeting after it has considered the matter in which they had the interest.*
d. *Dispensation requests shall be in writing and submitted to the Proper Officer as soon as possible before the meeting, or failing that, at the start of the meeting for which the dispensation is required.*
e. *A decision as to whether to grant a dispensation shall be made by a meeting of the Council, or committee or sub-committee for which the dispensation is required and that decision is final.*
f. *A dispensation request shall confirm:*
   i. the description and the nature of the disclosable pecuniary interest or other interest to which the request for the dispensation relates;
   ii. whether the dispensation is required to participate at a meeting in a discussion only or a discussion and a vote;
   iii. the date of the meeting or the period (not exceeding four years) for which the dispensation is sought; and
   iv. an explanation as to why the dispensation is sought.
g. *Subject to standing orders 13(d) and (f), a dispensation request shall be considered at the beginning of the meeting of the Council, or committee or sub-committee for which the dispensation is required].*
h. *A dispensation may be granted in accordance with standing order 13(e) if having regard to all relevant circumstances any of the following apply:*
   i. without the dispensation the number of persons prohibited from participating in the particular business would be so great a proportion of the meeting transacting the business as to impede the transaction of the business;

ii. granting the dispensation is in the interests of persons living in the Council's area; or

iii. it is otherwise appropriate to grant a dispensation.

The objector raises concerns about the interests of several councillors regarding the Council's award of a grant of £15,000 to a registered charity, the Spooner Row, Suton & Wattlefield Village Hall (the Charity). The objector comments that the Chair, who brought the motion was a Trustee of the Charity (having recently stepped down as its Chair) and that Cllr N Skey was the Charity's treasurer.

The Council comments that the grant application was made to the clerk by the Charity Trustees (by letter dated 1 June 2023) and that the application was discussed at the 8 June 2023 Council meeting. The Council comments that the application was considered insufficient in detail but was not rejected as the ethos of the application was in line with the intentions of the Council's grant policy. An extraordinary meeting was held on 13 June 2023 to consider the grant application further and the Council agreed to award the Charity £15,000.

We note the following extracts from the Council's minutes:

8 June 2023: 2. To receive declarations of interest on items on the agenda and consider any requests for dispensations

Councillor Sue Hewitson as a member of the village hall committee with no pecuniary interest.

Councillor Nicola Skey as a member of the village hall committee with no pecuniary interest.

8 June 2023: 8. Grant request from the Village Hall for the Kitchen. - DC

As the resolution of this grant process is urgent as our Grant Policy implies that a grant should be applied for prior to work starting. The builder is about to start and given that 2 of the 4 voting members have declared an interest (and not previously submitted a written request for dispensation to the clerk) it was agreed to meet again at the soonest possible time when a 3rd Councillor was available.

13 June 2023: 3. To receive declarations of interest on items on the agenda and consider any requests for dispensations

Councillor Sue Hewitson declared an interest as she is a trustee of the Village Hall.

Councillor Nicola Skey declared an interest as she is a trustee and the treasurer of the Village Hall.

Requests for dispensations were submitted in advance and in writing to the clerk and had been distributed to council, by both Councillor Sue Hewitson and Councillor Nicola Skey.

Councillor John Morton asked the connection for both Councillor Sue Hewitson and Councillor Nicola Skey to the village hall.

Councillor John Morton felt that anyone with any connection to the village hall should not have the right to vote.

A vote to allow Councillor Sue Hewitson and Councillor Nicola Skey to participate and vote on item 7 was held, 4, for. 2 abstain (RF/JM)

13 June 2023: 6. To consider and resolve the grant application for funding of the Village Hall Kitchen.

The chair invited each councillor to express their views to the grant application....

Councillor Sue Hewitson proposed that the Community Council a grant of £15,000 to the Village Hall. Proposed, Seconded, unanimously agreed.

We note that the Council is responsible for granting dispensations to speak and vote at Council meetings where a request has been made in writing to the clerk in advance of the meeting.

We therefore conclude that the Council has acted in accordance with relevant legislation and its own procedures.

Conclusion: We do not uphold this objection.

Objection 3f: You object to the Council's non-compliance with standing orders and financial regulations in respect of the failure to obtain comparable quotes for items of expenditure during the year.

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement.

The Council's Financial Regulations state the following:

10. ORDERS FOR WORK, GOODS AND SERVICES

10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11.1 below.

11. CONTRACTS

11.1. Procedures as to contracts are laid down as follows:

- *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 shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £300 the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.*

The objector comments that in the January 2024 Council meeting the Chair presented three invoices totalling £495 from one contractor for payment and that there was no specific motion to support this specific expenditure. The objector further comments that the multiple invoices appeared to be an attempt to disaggregate the costs to fall below the thresholds in the Council's Financial Regulations. The objector also comments that a motion was called by the Chair for payment of the invoices but the agenda carried no such motion and that the motion was carried.

The Council comments that in accordance with the Council's Financial Regulations, items exceeding £300 typically require multiple quotations. However, the regulations also allow for flexibility, including the suspension of this requirement under certain circumstances. In this instance, the council formally agreed to proceed with a single quotation for work related to the community woodland.

The approved work involved two distinct tasks carried out by the same contractor:

- Machinery Hire and Fuel Costs (£195): This covered the operational costs of machinery used on-site. The contractor provided the labour at no charge.
- Woodland Maintenance (£300): This task involved specific maintenance work previously agreed upon by the council.

The Council also comments that the contractor is a local resident, and the Council supports the principle of engaging local providers where appropriate. Prior to the commencement of work, the contractor met with Council representatives to receive instructions and that upon completion, an invoice was submitted for the agreed services.

We note the following Council minutes:

- *13 July 2023: 14. Woodland (Verbal update) SH*
  Councillor Sue Hewitson set a date for Saturday August 12th, at 10am, a notice for volunteers to be distributed. Objectives are to secure the site and to make the site look better. The Chipper will be operated by the owner and be paid for by the council. (£120 a day)
- *11 January 2024: 2024/0014 Suton Woodland, to include the invoices for works done to date and proposal for the hedge line (verbal update)*
  Gareth has spent time in the woodland completing work that was outlined by the Community Council when they visited together. Chipping and removing low hanging branches so that it is safe for volunteers to access the area and progress the work on the paths.
  The invoices for the work completed were within the general budget and council is happy with the work.
  It was authorised to pay these at a total of £495.
  Proposed, Seconded, agreed.

We consider that, based on the information provided to us, that the work was all related and so should have been considered as being above the Council's £300 threshold in its Financial Regulations. Therefore the Council should have sought three quotes under FR11.1.

We also consider that the agenda for the January Council meeting should have included the value of the invoices in the motion for approval, or included the invoices in the payments listed for approval.

We therefore conclude that the Council should have answered 'No' to Assertion 2.

Conclusion: We uphold this objection and are minded to raise a reporting matter in our external auditor report on the 2023/24 AGAR in respect of this matter.

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

Findings: This objection relates to the response given in Assertion 1 of the Annual Governance Statement.

The objector comments that the Council's 'End of Year Statement' contained multiple errors. The objector further comments that the statement did not reconcile with the bank account and that there were discrepancies with two contractor expenses.

The Council comments that is unable to identify the basis of the errors referred to and that the objector has not provided any specific details or evidence to substantiate the claim.

The Council also comments that the actual financial statements were completed accurately and that the balances reported in the AGAR were fully supported by the bank statements and the Council's accounting records, which were maintained in an Excel spreadsheet. All transactions reconciled correctly, and the closing balances matched.

On the basis of the information before us and the results of our limited assurance review of the AGAR and supporting documentation, we conclude that no further action is needed regarding this objection.

Conclusion: We do not uphold this objection.

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.

Findings: This objection relates to items of account in Boxes 4 and 6 of the Accounting Statements.

We note that the relevant guidance states the following (NALC Employment Briefing E02-12):

> *Council employers must ask the Clerk/ RFO (and other employees) to complete Form P46 to confirm if he/she has other employment or receives a pension. If the clerk or RFO confirms in the P46 that he/she does have another job or receives a pension (or he/she does not complete the Form P46), then the council must register as an employer and operate PAYE.*
>
> *If a clerk or RFO confirms in the P46 that either he /she does not have another job or does not receive a pension* ***and*** *the emoluments paid by the council to the clerk or RFO is lower than the National Insurance Lower Earnings Limit, then the council does not need to register with HMRC as an employer and operate PAYE.*

The Council's RFO confirmed to the Clerk, in April 2023 that the Council was no longer registered for PAYE and that he had closed the Council's PAYE account, as the clerk was paid below the National Insurance threshold of £123 per week. We note that this was consistent with the Council's 2022/23 AGAR return which showed the Council's total staff costs as £3,706.

The Council comments that it was at this point (April 2023) that the Council ceased to use HMRC basic tools to calculate the monthly payroll. The Council further comments that this situation continued for most of 2023/24 until to ensure compliance moving forward, the Council agreed that NALC would take over the payroll function (meeting minutes, 8 February 2024 – item 2024/0050).

The objector is concerned about added costs incurred by Council relating to the operation of the Council's payroll. The objector refers to the cost of the independent pay review as conducted by NPTS. The objector also refers to the appointment of NALC as an independent payroll provider (NALC rebuilt the missed monthly payroll, carried the payroll through to the Year End and dealt with the HMRC) which came with further cost and an HMRC penalty.

The Council comments that the clerk worked with NALC to reactivate the HMRC account and restore payroll operations. The cost of outsourcing the payroll function to NALC was £115.20 (including VAT).

The Council further comments that following extensive dialogue, HMRC confirmed that there was no evidence of intentional noncompliance, and no fines were issued.

The Council also comments that the external employment review, which cost £120, focused solely on the Clerk's salary scale and contracted hours and did not include an assessment of the payroll function.

As part of responding to the objection the Council reviewed the list of clerk salary and related payments in 2023/24 and identified that the Council had underpaid the clerk by 2p.

We consider that the Council should not have closed the Council's PAYE account, as it was aware that the RFO had announced their intention to resign and that the Council was planning to add the RFO responsibilities to the clerk's role. Further, the Council was also aware that it needed to evaluate the appropriate remuneration for the revised clerk and RFO combined role and should have realised that this may mean that the resulting salary could be above the NI threshold for PAYE to apply.

We consider that the Council decisions regarding the use of NALC to restore the payroll and the commissioning of the external employment review were both policy decisions. We further note that even if they were not assessed to be Council policy decisions, the amounts involved would not lead us to consider taking formal audit action.

Conclusion: We do not uphold this objection.

Having 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 2014 Act in respect of Objections 6 and 7a, we have decided not to take either course of action.

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 Objections 6 and 7a, you have a right to appeal our decision not to apply for a declaration under section 28(3) of the 2014 Act. Should you wish to do so, you must appeal to the High Court within the period of 21 days beginning with the day after you receive this statement of written reasons.

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 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.

Yours sincerely

PKF Littlejohn LLP

PKF Littlejohn LLP

cc Spooner Row Community Council c/o Council Clerk and RFO

Final External Auditor Report and Certificate 2023/24 in respect of Spooner Row Community Council – NO0542

Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/.

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2024; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

External auditor's limited assurance opinion 2023/24

On 19 September 2024, we issued a report detailing the results of our limited assurance review of Sections 1 and 2 of this authority's Annual Governance & Accountability Return for the year ended 31 March 2024. We explained that we were unable to certify completion of the review at that time. We are now in a position to certify completion of the review.

The external auditor report given in Section 3 of the Annual Governance & Accountability Return requires amendments as follows:

> Except for the matters reported below, 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.
>
> In our view, the Council should have responded 'No' to Assertion 1 due to non-compliance with proper practices in respect of the failure to appoint an RFO between 14 September and 10 October 2023.
>
> In our view, the Council should have responded 'No' to Assertion 2 due to its failure to comply with its financial regulations in respect of:
>
> - the completion of RFO duties such as the production of quarterly finance reports during the period when the Council had a volunteer RFO or was without any appointed RFO;
> - the mandated policies of the Council which had not been appropriately updated; and
> - the failure to seek three quotes in line with FR 11.1 in relation to work carried out in Suton Woodland during the year.

PKF Littlejohn LLP
15 Westferry Circus,
Canary Wharf, London
E14 4HD

T: +44 (0)20 7516 2200
www.pkf-l.com

Other matters not affecting our opinion which we draw to the attention of the authority:

In the prior year, the smaller authority was exempt from our review, thus we have not reviewed any evidence to support the prior year comparatives on the AGAR.

We received challenge correspondence in relation to the 2023/24 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.

External auditor certificate 2023/24

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance & Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2024.

PKF Littlejohn LLP

PKF Littlejohn LLP
09/10/2025

PKF Littlejohn LLP
15 Westferry Circus,
Canary Wharf, London
E14 4HD

T: +44 (0)20 7516 2200
www.pkf-l.com

PKF

Mrs Dawn Clarke
Spooner Row Community Council
[redacted]

Our ref	NO0542
SAAA Ref	SB10145
Invoice No.	SB20243547
VAT No.	GB 440 4982 50
Email:	sba@pkf-l.com
Date:	10 October 2025

REMITTANCE ADVICE

Professional services rendered in connection with the following:

Limited assurance review of Annual Governance & Accountability Return for year ended 31 March 2024	£210.00
Additional charges (where applicable) as detailed on attached appendix A	£0.00
Additional fees (where applicable) as detailed by separate cover	£6,221.05
TOTAL NET	£6,431.05
VAT @ 20%	£1,286.21
TOTAL PAYABLE	£7,717.26

THIS IS A STATUTORY FEE WHICH MUST BE PAID. PAYMENT IS DUE ON RECEIPT OF INVOICE

The fees and charges are in accordance with the fee scales set by Smaller Authorities' Audit Appointments Ltd which can be found at https://www.saaa.co.uk/audit-fees/

For payments by cheque, please return the remittance advice with your payment to:
PKF Littlejohn LLP, Credit Control (SBA), 5th Floor, 15 Westferry Circus, Canary Wharf, London E14 4HD

For payments by credit transfer, our bank details are:-

HSBC Bank plc
Address: 1-3 Bishopsgate, London, EC2N 3AQ
Sort Code: 40-02-31
Account number: 11070797
Account Name: PKF Littlejohn LLP
Please include NO0542 or Spooner Row Community Council as the reference.

For account queries, contact sba@pkf-l.com

PKF Littlejohn LLP
15 Westferry Circus,
Canary Wharf, London
E14 4HD
T: +44 (0)20 7516 2200
www.pkf-l.com