

Our ref WI0024
Your ref SB01090

Email sba@pkf-littlejohn.com

07 March 2019

Dear Members

Bowerchalke Parish Council

Public Interest Report: Failure to submit an Annual Governance & Accountability Return (AGAR) for the year ending 31 March 2018

As appointed auditors, we have a duty to consider whether to issue a report in the public interest when a matter comes to our attention which we believe the authority should consider or the public should know about.

This letter constitutes a public interest report under Schedule 7 of the Local Audit and Accountability Act 2014 (the Act), about the authority's failure to prepare an AGAR for the year ended 31 March 2018, as required by the Accounts and Audit Regulations 2015 and associated guidance¹.

The authority is responsible for the use of funds raised by local taxation, and should properly account for how it has used and protected those funds. Bowerchalke Parish Council is required by law to prepare an AGAR:

- summarising its financial position; and
- giving assurances that it has adequate governance arrangements to protect public funds.

Smaller authorities which meet certain conditions (including a gross income or expenditure which does not exceed £25,000) are not required to submit the AGAR to their external auditor. It is possible that Bowerchalke Parish Council has certified itself exempt, but has failed to inform us of this. To be exempt from review, the Local Audit (Smaller Authorities) Regulations 2015 require a smaller authority to certify itself exempt, but also to notify the 'specified person' that they have done so (Regulation 9(6)). The specified person, currently Smaller Authorities' Audit Appointments Ltd (SAAA), has contractually agreed that instead of SAAA being notified, the appointed auditors will be responsible for receiving notification by way of a completed Certificate of Exemption. As we have not yet received any notification of exemption, we are

¹ Proper practices are set out in *Governance and Accountability for Smaller Authorities in England*, which is approved by the Joint Panel on Accountability and Governance (JPAG) and published jointly by the Society of Local Council Clerks (SLCC), the National Association of Local Councils (NALC), and the Association of Drainage Authorities (ADA).

required to proceed on the basis that Bowerchalke Parish Council is not exempt with regard to the AGAR for the year ended 31 March 2018.

We issued a statutory recommendation to the authority on 19 December 2018 that it should submit an approved AGAR within 42 days.

As at 07 March 2019, no such return has been submitted to us and as far as we are aware Bowerchalke Parish Council has not formally considered and responded to the statutory recommendation. As a result, Bowerchalke Parish Council has failed in its statutory duties to account to its taxpayers for the use and safeguarding of their money. In addition, the authority has also now failed to comply with the statutory requirements for considering and responding to a statutory recommendation made by the auditor.

We have now exhausted all options open to us to attempt to obtain an AGAR, and therefore have no option but to move towards certifying completion and bringing to an end our responsibilities as auditor for the year ended 31 March 2018. We have taken this decision reluctantly, as once completion is certified, public rights (such as the rights to inspect the accounting records and associated documents and to ask questions or make objections to the auditor) can no longer be exercised.

The Act requires the authority to consider this public interest report at a public meeting within one month of the date of this letter. The full requirements of Schedule 7 can be found here: https://www.pkf-littlejohn.com/sites/default/files/media/documents/local_audit_and_accountability_act_20142_0.pdf, and the authority should ensure that it complies with all requirements.

Unless an approved AGAR is received, it is our intention to certify completion and bring our responsibilities to an end in 42 days from the date of this letter, when we will issue our final invoice. This letter gives rise to an additional fee of £200.00 plus VAT payable by Bowerchalke Parish Council on conclusion of the review process, for the additional work involved in repeatedly chasing for the required documentation and the production of this report.

Bowerchalke Parish Council should also note that, as a result of receiving this public interest report, it will not be eligible to certify itself as exempt from limited assurance review in 2018/19 (if it would otherwise be eligible), as it will have failed one of the qualifying requirements set out in Regulation 9(3) of The Local Audit (Smaller Authorities) Regulations 2015.

We have a duty to send a copy of this report to the Secretary of State and the power to send a copy to anybody we think appropriate.

Yours faithfully

A handwritten signature in black ink, appearing to read 'PKF Littlejohn LLP', is written over a horizontal line.

PKF Littlejohn LLP

cc Clerk - Bowerchalke Parish Council, Secretary of State, Smaller Authorities' Audit Appointments Ltd, Monitoring Officer of local authority