

# Local Councils, Internal Drainage Boards and other Smaller Authorities in England

## Annual return for the year ended 31 March 2017

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Every smaller authority in England with an annual turnover of £6.5 million or less must complete an annual return at the end of each financial year in accordance with proper practices summarising its activities. In this annual return the term 'smaller authority'\* includes a Parish Meeting, a Parish Council, a Town Council and an Internal Drainage Board.

**The annual return on pages 2 to 4 is made up of three sections:**

- Sections 1 and 2 are completed by the smaller authority. **Smaller authorities must approve Section 1 before Section 2.**
- Section 3 is completed by the external auditor.

In addition, the **internal audit report** is completed by the smaller authority's internal audit provider.

**Each smaller authority must approve Section 1 and Section 2 in order and in accordance with the requirements of the Accounts and Audit Regulations 2015.**

### Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all highlighted sections. Do not leave any highlighted box blank. Incomplete or incorrect returns require additional external auditor work and may incur additional costs.

Send the annual return, together with the bank reconciliation as at 31 March 2017, an explanation of any significant year on year variances in the accounting statements, **your notification of the commencement date of the period for the exercise of public rights** and any additional information requested, to your external auditor by the due date.

**Your external auditor will ask for any additional documents needed for their work. Unless requested, do not send any original financial records to the external auditor.**

Once the external auditor has completed their work, certified annual returns will be returned to the smaller authority for publication and public display of Sections 1, 2 and 3. You must publish and display the annual return, including the external auditor's report, by 30 September 2017.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guide that can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.slcc.co.uk](http://www.slcc.co.uk) or from [www.ada.org.uk](http://www.ada.org.uk)

\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Government Finance Act 2015

# Section 1 – Annual governance statement 2016/17

We acknowledge as the members of:

Enter name of  
smaller authority here:

SANDGATE PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2017, that:

	Agreed		'Yes' means that this smaller authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	NA
			has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

This annual governance statement is approved by this smaller authority on:

20 JUNE 2017

Signed by Chair at meeting where approval is given:

*[Signature]*

and recorded as minute reference:

8. Annual Governance Statement 2016/17

Clerk:

*[Signature]*

\*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

# Section 2 – Accounting statements 2016/17 for

Enter name of smaller authority here:

SANDGATE PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2016 £	31 March 2017 £	
1. Balances brought forward	79,623	122,488	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	106,621	35,048	Total amount of precept (or for IDBs, rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	54,777	25,416	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	22,519	23,731	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	90,074	78,702	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	122,488	80,519	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8. Total value of cash and short term investments	122,488	80,519	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	136,499	149,811	This cell shows the value of all the property the authority owns. It is made up of its fixed assets and long-term investments.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
		✓	

I certify that for the year ended 31 March 2017 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

P. W. R. Savage

Date: 7 JUNE 2017

I confirm that these accounting statements were approved by this smaller authority on:

20/06/2017

and recorded as minute reference:

9. Accounting Statements 2016-17

Signed by Chair at meeting where approval is given:

A. H. King

## Section 3 – External auditor report and certificate

In respect of:

Enter name of  
smaller authority here:

SANDGATE PARISH COUNCIL

### 1. Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2017; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

### 2. 2016/17 External auditor report

(Except for the matters reported below)\* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no other matters have come to our attention giving cause for concern that relevant legislative and regulatory requirements have not been met. (\*delete as appropriate).

(continue on a separate sheet if required)

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

(continue on a separate sheet if required)

### 3. 2016/17 External auditor certificate

We certify/do not certify\* that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2017.

\* We do not certify completion because:

External auditor signature

External auditor name

Date

# Annual internal audit report 2016/17 to

Enter name of smaller authority here:

SANDGATE PARISH COUNCIL

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2017.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	YES		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES		
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	YES		
G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	YES		
H. Asset and investments registers were complete and accurate and properly maintained.	YES		
I. Periodic and year-end bank account reconciliations were properly carried out.	YES		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	YES		
K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			N/A

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

Name of person who carried out the internal audit

LIONEL ROBBINS

Signature of person who carried out the internal audit



Date

17/09/2017

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

## Guidance notes on completing the 2016/17 annual return

1. You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide\* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent work by the auditor. NALC, SLCC and ADA have helplines if you want to talk through any problem you encounter.
2. Make sure that your annual return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the smaller authority, properly initialled and explanation provided. Annual returns containing unexplained or unapproved amendments may be returned and incur additional costs.
3. **Smaller authorities must approve Section 1 on page 2 before approving Section 2 on page 3.**
4. Use the checklist provided below. Use a second pair of eyes, perhaps a Councillor or Board Member, to review the annual return for completeness and accuracy before sending it to the external auditor.
5. Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must tell the external auditor about any change of Clerk, Responsible Finance Officer or Chair.
6. Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your smaller authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the accounting statements (Section 2 on page 3). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide\*.
7. Explain fully significant variances in the accounting statements on page 3. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a complete numerical and narrative analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide\* to assist you.
8. If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
9. **You must inform the external auditor of the date set for the commencement of the period for the exercise of public rights.**
10. Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2016) equals the balance brought forward in the current year (Box 1 of 2017).
11. Do not complete Section 3 which is reserved for the external auditor.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxes have been completed?	✓
	All additional information requested, <b>including the dates set for the period for the exercise of public rights</b> , has been provided for the external auditor?	✓
Section 1	For any statement to which the response is 'no', an explanation is provided?	n/a
Section 2	Smaller authority approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	✓
	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2017 agreed to Box 8?	✓
	An explanation of any difference between Box 7 and Box 8 is provided?	✓
Sections 1 and 2	Trust funds – all disclosures made if a Council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	n/a
Internal Audit report	All highlighted boxes completed by internal audit and explanations provided?	✓

\*Note: The Practitioners' Guide is available from your local NALC, SLCC or ADA representatives or from [www.nalc.gov.uk](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk) or [www.ada.org.uk](http://www.ada.org.uk).

Name of smaller authority: SANDGATE PARISH COUNCIL

## Contact details

Please complete this form and send it back to us with the Annual Return

	<b>Clerk</b>	<b>Chair</b>
<b>Name</b>	Gaye Thomas DEPUTY CLERK AND RFO Peter Savage	Robert Bliss
<b>Address</b>	Sandgate Parish Council Library James Morris Court Sandgate High Street Sandgate CT20 3RR	Sandgate Parish Council Library James Morris Court Sandgate High Street Sandgate CT20 3RR
<b>Daytime telephone number</b>	01303 248563 (Monday to Saturday 9 am to 1 pm)	01303 248941
<b>Mobile telephone number</b>	07850 739124 (RFO)	
<b>Email address</b>	clerk@sandgatepc.org.uk	<a href="mailto:robertbliss@btinternet.com">robertbliss@btinternet.com</a>

**SANDGATE PARISH COUNCIL  
BANK RECONCILIATION  
2016- 2017**

31-Mar-17

**Balances as per Statements:**

Current Account - statement No 189	21,800.22	
Reserve Account - statement no. 68	56,645.68	
Petty Cash	200.00	<b>78,645.90</b>

0.00

**PLUS**

VAT Recoverable	<u>1,873.91</u>	
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**TOTAL FUNDS**

80,519.81

**Balance as at 1st April 2016 per Annual Return**

122,488.36

Add Total Receipts 60,464.08

Deduct Total Payments 102,432.63

80,519.81

0.00

**Being:**

General Fund	23,056.81
Election Fund	3,000.00
AEP	25,000.00
General Reserve	26,463.00
Kiosk Deposit held	3,000.00
	<u>57,463.00</u>
	<u><u>80,519.81</u></u>

Prepared by:



Responsible Finance Officer

Date:

3/5/17

Checked by:



Chairman of Finance Committee



# CONFIRMATION OF THE DATES FOR THE PERIOD OF EXERCISE OF PUBLIC RIGHTS

## Sandgate Parish Council

### Either:

On behalf of Sandgate Parish Council, I confirm that the dates set for the period of exercise of public rights are as follows:

Commencing on 05 June 2017

and ending on 14 July 2017

### Or:

On behalf of Sandgate Parish Council, I confirm that the dates set for the period of exercise of public rights are as follows:

Commencing on 28 June 2017

and ending on 4 August 2017

(Enter dates as appropriate which must be 30 working days inclusive and must include the first 10 working days of July 2017)

Signed: \_\_\_\_\_

*Kevin R. Savage*

Role: **Responsible Financial Officer  
for Sandgate Parish Council**

**PLEASE SUBMIT THIS FORM TO PKF LITTLEJOHN LLP WITH THE ANNUAL RETURN AND OTHER REQUESTED DOCUMENTATION**

## Explanation of variances – pro forma

Insert name of smaller authority: \_\_\_\_\_ **SANDGATE PARISH COUNCIL**

The 'Practitioners' Guide' provides guidance on explaining significant variances. Please provide full explanations, including numerical values, for the following:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- if the total reserves (Box 7) figure is more than twice the annual precept value (Box 2).

Section 2	2015/16 £	2016/17 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
<b>Box 2</b> <i>Precept or Rates and Levies</i>	106,621	35,048	71,573	67.1%	First half of precept for 2016-17 was paid by Shepway District Council in 2015-16. The receivable precept for each year was: 2015-16 - £64,715; 2016-17 - £70,096. Remainder is explained by precept increase between the two years.
<b>Box 3</b> <i>Total other receipts</i>	54,777	25,416	29,361	53.6%	Two significant grants were received in 2015-16 which were not available in 2016-17: Cabinet members' fund (£24,250) and High Street Innovation (£11,261). In addition income from Kent County Council increased in 2016-17 from £8,000 to £12,314 and the Parish Council entered into a lease to provide a seafront kiosk/café providing rental income of £5,000)
<b>Box 4</b> <i>Staff costs</i>	22,519	23,731	1,212	5%	Whilst the net variation is small this masks the fact that staffing structures have changed. In 2016-17 the library staff payments of £2,061 are included whilst at the same time parish staff structures changed from 32 hours per week (basic) to 28 hours per week (basic).
<b>Box 5</b> <i>Loan interest/ capital repayments</i>	0	0	0	0	No comment.
<b>Box 6</b> <i>All other payments</i>	90,074	78,702	11,372	12.6%	This variation reflects a wide range of changes in budgets between the years including the grants referred to in box 3 above. Expenditure (setting up and revenue costs) was incurred on the new kiosk/café in 2016-17 (£12,144); office refurbishment (£889); full year library costs (non salary) (£8,660)
<b>Box 9</b> <i>Total fixed assets &amp; long term</i>	136,499	149,811	13,312	9.8%	Updating asset register to include additional play equipment.

<i>investments &amp; assets</i>					
<b>Box 10</b> <i>Total borrowings</i>	0	0	0	0	No comment
<b>Explanation for 'high' reserves</b>	Box 7 is more than twice Box 2 because Shepway District Council paid half of the precept for 2016-17 at the end of 2015-16.				

## **WHAT SMALLER AUTHORITIES NEED TO DO TO ADVERTISE THE PERIOD DURING WHICH ELECTORS AND INTERESTED PERSONS MAY EXERCISE RIGHTS RELATING TO THE ANNUAL ACCOUNTS?**

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require that:

1. The accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested, during a period of 30 working days set by the smaller authority and including the first 10 working days of July.
2. The period referred to in paragraph (1) starts with the day on which the period for the exercise of public rights is treated as having been commenced i.e. the day following the day on which all of the obligations in paragraph (3) below have been fulfilled.
3. The responsible financial officer for a relevant authority must, on behalf of that authority, publish (**which must include publication on the authority's website**):

(a) the Accounting Statements (i.e. Section 2 of the Annual Return), accompanied by:

(i) a declaration, signed by that officer to the effect that the status of the Accounting Statements are unaudited and that the Accounting Statements as published may be subject to change;

(ii) the Annual Governance Statement (i.e. Section 1 of the Annual Return); and

(b) a statement that sets out—

(i) the period for the exercise of public rights;

(ii) details of the manner in which notice should be given of an intention to inspect the accounting records and other documents;

(iii) the name and address of the local auditor;

(iv) the provisions contained in section 26 (inspection of documents etc.) and section 27 (right to make objections at audit) of the Act, as they have effect in relation to the authority in question;

## **HOW DO YOU DO IT?**

1. You will meet statutory requirements if you fully and accurately complete the notice of public rights pro forma in this letter, and
2. Publish (**including publication on the smaller authority's website**) the following documents, the day before the public rights period commences:
  - a. the approved Sections 1 and 2 of the Annual Return; and
  - b. the completed Notice of Public Rights and Publication of Unaudited Annual Return; and
  - c. the notes which accompany the Notice (Local authority accounts: a summary of your rights).

Smaller authority name: **SANDGATE PARISH COUNCIL**

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION  
OF UNAUDITED ANNUAL RETURN**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**Local Audit and Accountability Act 2014 Sections 26 and 27  
The Accounts and Audit Regulations 2015 (SI 2015/234)**

NOTICE	NOTES
<p>1. Date of announcement <u>27 June 2017</u> (a)</p> <p>2. Each year the smaller authority's Annual Return needs to be reviewed by an external auditor appointed by the Audit Commission. The unaudited Annual Return has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</p> <p>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested For the year ended 31 March 2017 these documents will be available on reasonable notice by application to:</p> <p>(b) Peter Savage, Responsible Finance Officer Sandgate Parish Council Library, Sandgate High Street, CT20 3RR 01303 248563</p> <p>commencing on (c) 28 June 2017</p> <p>and ending on (d) 4 August 2017</p> <p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none"><li>• The opportunity to question the appointed auditor about the accounting records; and</li><li>• The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority.</li></ul> <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p>4. The smaller authority's Annual Return is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</p> <p>PKF Littlejohn LLP Ref: SBA 2<sup>nd</sup> Floor 1 Westferry Circus Canary Wharf London E14 4HD (<a href="mailto:sba@pkf-littlejohn.com">sba@pkf-littlejohn.com</a>)</p> <p>5. This announcement is made by (e) Peter Savage</p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.</p> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority</p>

## **LOCAL AUTHORITY ACCOUNTS: A SUMMARY OF YOUR RIGHTS**

**Please note that this summary applies to all relevant smaller authorities, including drainage boards and other smaller authorities.**

### **The basic position**

The Local Audit and Accountability Act 2014 (the Act) governs the work of auditors appointed to councils and other local public bodies. This summary explains the provisions contained in Sections 26 and 27 of the Act. The Act and the Accounts and Audit Regulations 2015 also cover the duties, responsibilities and rights of councils, other organisations and the public concerning the accounts being audited.

As a local elector, or an interested person, you have certain legal rights in respect of the accounting records of smaller authorities. As an interested person you can inspect accounting records and related documents. If you are a local government elector for the area to which the accounts relate you can also ask questions about the accounts and object to them. You do not have to pay directly for exercising your rights. However, any resulting costs incurred by the council form part of its running costs. Therefore, indirectly, local residents pay for the cost of you exercising your rights through their council tax.

### **The right to inspect the accounting records**

Any interested person can inspect the accounting records, which includes but is not limited to local electors. You can inspect the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records. You can copy all, or part, of these records or documents. Your inspection must be about the accounts, or relate to an item in the accounts. You cannot, for example, inspect or copy documents unrelated to the accounts, or that include personal information (Section 26 (6) – (10) of the Act explains what is meant by personal information). You cannot inspect information which is protected by commercial confidentiality. This is information which would prejudice commercial confidentiality if it was released to the public and there is not, set against this, a very strong reason in the public interest why it should nevertheless be disclosed.

When councils have finished preparing accounts for the financial year and approved them, they must publish them (including on the council's website). There must be a 30 working day period, called the 'period for the exercise of public rights', during which you can exercise your statutory right to inspect the accounting records. Councils must tell the public, including advertising this on their website, that the accounting records and related documents are available to inspect. By arrangement you will then have 30 working days to inspect and make copies of the accounting records. You may have to pay a copying charge. The 30 day period must include a common period of inspection during which all smaller authorities' accounting records are available to inspect. This will be 3-14 July 2017 for 2016/17 accounts. The advertisement must set out the dates of the period for the exercise of public rights, how you can communicate to the council that you wish to inspect the accounting records and related documents, the name and address of the auditor, and the relevant legislation that governs the inspection of accounts and objections.

### **The right to ask the auditor questions about the accounting records**

**You should first ask your council** about the accounting records, since they hold all the details. If you are a local elector, your right to ask questions of the external auditor is enshrined in law. However, while the auditor will answer your questions where possible, they are not always obliged to do so. For example, the question might be better answered by another organisation, require investigation beyond the auditor's remit, or involve disproportionate cost (which is borne by the local taxpayer). Give your council the opportunity first to explain anything in the accounting records that you are unsure about. If you are not satisfied with the council's explanation, you can question the external auditor about the accounting records.

The law limits the time available for you formally to ask questions. This must be done in the period for the exercise of public rights, so let the external auditor know your concern as soon as possible. The advertisement or notice that tells you the accounting records are available to inspect will also give the period for the exercise of public rights during which you may ask the auditor questions, which here means formally asking questions under the Act. You can ask someone to represent you when asking the external auditor questions.

Before you ask the external auditor any questions, inspect the accounting records fully, so you know what they contain. Please remember that you cannot formally ask questions, under the Act, after the end of the period for the exercise of public rights. You may ask your council other questions about their accounts for any year, at any time. But these are not questions under the Act.

You can ask the external auditor questions about an item in the accounting records for the financial year being audited. However, your right to ask the external auditor questions is limited. The external auditor can only answer 'what' questions, not 'why' questions. The external auditor cannot answer questions about the council's policies, finances, procedures or anything else unless it is directly relevant to an item in the accounting records. Remember that your questions must always be about facts, not opinions. To avoid misunderstanding, we recommend that you always put your questions in writing.

### **The right to make objections at audit**

You have inspected the accounting records and asked your questions of the smaller authority. Now you may wish to object to the accounts on the basis that an item in them is in your view unlawful or there are matters of wider concern arising from the Council's finances. A local government elector can ask the external auditor to apply to the High Court for a declaration that an item of account is unlawful, or to issue a report on matters which are in the public interest. You must tell the external auditor which specific item in the accounts you object to and why you think the item is unlawful, or why you think that a public interest report should be made about it. You must provide the external auditor with the evidence you have to support your objection. Disagreeing with income or spending does not make it unlawful. To object to the council's accounts you must write to the external auditor stating you want to make an objection, including the information and evidence below and you must send a copy to the council. The notice must include:

- confirmation that you are an elector in the council's area;
- why you are objecting to the accounts and the facts on which you rely;
- details of any item in the accounts that you think is unlawful; and
- details of any matter you think the external auditor should make a public interest report about.

Other than it must be in writing, there is no set format for objecting. You can only ask the external auditor to act within the powers available under the Local Audit and Accountability Act 2014.

### **A final word**

You may not use this 'right to object' to make a personal complaint or claim against your council. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or to your solicitor. Councils, and so local taxpayers, meet the costs of dealing with questions and objections. In deciding whether to take your objection forward, one of a series of factors the auditor must take into account is the cost that will be involved, they will only continue with the objection if it is in the public interest to do so. They may also decide not to consider an objection if they think that it is frivolous or vexatious, or if it repeats an objection already considered. If you appeal to the courts against an auditor's decision not to apply to the courts for a declaration that an item of account is unlawful, you will have to pay for the action yourself.

For more detailed guidance on public rights and the special powers of auditors, copies of the publication *Local authority accounts: A guide to your rights* are available from the NAO website.

If you wish to contact your Council's appointed external auditor please write to the address in paragraph 4 of the *Notice of Public Rights and Publication of Unaudited Annual Return*.