

Ashdon Parish Council

Summary of External Audit Report for the year ended 31 March 2024

The Parish Council Clerk prepares the accounts annually and submits these to an external auditor along with an Annual Governance and Accountability Return (an AGAR) which asks questions about the Council's internal controls and procedures and adherence to relevant laws and regulations.

The accounts and corporate governance reviewed in this report are those for the year ended 31 March 2024 which were under the stewardship of the former Clerk.

The Council works under laws, regulations and strict guidelines as it is in charge of the precept (the money we receive from residents to run the council) using an internal auditor who, working with the clerk, oversees the books annually. Once these are approved, they pass to an external auditor, who again examines them.

Whilst the External Auditor is happy with the numbers in the accounts they have raised some issues regarding our internal controls and procedures in the year ended 31 March 2024. The issues identified by the external auditor have come as no surprise to the current Councillors and Clerk. Several of the issues identified have been issues with the previous years' accounts and AGAR as well. The Council has been working hard over the past year, reviewing controls and procedures and implementing additional controls and procedures to ensure all processes operated by the Council are in line with current legislation and best practise as advised by our internal and external auditors.

Unfortunately, if the external auditor receives a complaint about the council (from a resident), this can result in an expensive exploratory process, over which we have no control. A complaint was made by a resident to the external auditor for the year ended 31 March 2024. This has resulted in additional fees to the Parish Council of £5,751. This represents 11% of the residents' tax money (the precept).

Results of limited assurance review and challenge correspondence received by External Auditors for the year ended 31/3/24 Annual Governance and Accountability (AGAR).

The points raised by the External auditor with our comments and agreed actions (many of which had been implemented already) are summarised in the table below.

	Matters raised by External auditors	Comments/observations	Agreed actions
	<i>Except for matters (audit opinion qualifications)</i>		
A1.	<p>The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR:</p> <ul style="list-style-type: none"> We note that the smaller authority has removed the value of the Village Hall from the figure for fixed assets in Section 2, Box 9 in the current year as this asset belongs to the charitable trust for which the smaller authority is sole managing trustee. This is the correct accounting treatment but the comparative figure in Box 9 should have been restated to be on the same basis. Please also note that any assets for which the smaller authority is custodian trustee should be included in the fixed asset register but at zero cost. 	<p>Noted and agreed. The accounting treatment for the year ended 31/3/24 is correct but this is an issue with the comparative figures for the year ended 31/3/23. This is a transitional issue as the Council corrected a recurring reporting error. This was an historic issue which meant that the AGARs for previous years had been completed incorrectly.</p>	<p>The AGAR for the year ended 31/3/25 will reflect the correct comparative figures.</p> <p>A full fixed asset register has now been produced which supports the AGAR filing position.</p>

	Matters raised by External auditors	Comments/observations	Agreed actions
	<ul style="list-style-type: none"> Trust fund transactions and balances have not been excluded from the prior year figures in Section 2. We note that in 2023/24 the trust transactions went through the trust's own bank account and were correctly not included in the AGAR. The responses given in Section 1, Box 9 and Section 2, Boxes 11 (a) and (b) reflect this treatment. The prior year accounts were prepared on an income and expenditure basis but should have been restated on a receipts and payments basis in the prior year column of Section 2 for comparative purposes. 	<p>Noted and agreed. The 2023/24 AGAR correctly reflects for the first time the role of Ashdon Parish Council as trustee of the Village Hall Charity. Previous year AGARs had been submitted incorrectly.</p> <p>Noted and agreed. 2023/24 was a transitional year as the Council moved to a receipts and payments basis.</p>	<p>In the year ended 31/3/25 the Council has now also separated the Charity money from the precept money and is now fully compliant with its financial regulations (Regulation 18) and Charity Law.</p> <p>Going forward accounts are prepared on a receipts and payments basis so comparatives for prior years will be shown correctly.</p>
A2.	<p><i>Section 1, Assertion 1 has been incorrectly completed and should have been answered 'No' as a result of the following:</i></p> <ul style="list-style-type: none"> <i>The smaller authority failed to approve the AGAR in time to publish it before 1 July 2024, the date required by the Accounts and Audit Regulations 2015.</i> 	<p>Noted and agreed.</p> <p>As a Council, our Clerk of 46 years unexpectedly resigned on 8th April 2024, access to the Parish Records took some time to establish and we had to find both a Locum Clerk to prepare accounts and an internal auditor to review them. The accounts and AGAR were not submitted</p>	<p>Robust systems and processes are now in place to ensure timely preparation of the accounts and submission of the AGAR</p>

	Matters raised by External auditors	Comments/observations	Agreed actions
	<ul style="list-style-type: none"> <i>The smaller authority set the precept for 2024/25 prior to approving the budget. The Practitioners' Guide requires that the budget be prepared and approved in a timely manner before setting a precept and prior to the commencement of the new year. As a result, this assertion should have been answered 'No'.</i> 	<p>until 15th July 2024 due to the above challenges. Whilst we reported this to the External auditor and was granted a submission deadline extension to 31st July 2024 the External auditors did advise that there were no powers to amend statutory deadlines, including the statutory approval deadline of 30 June 2024.</p> <p>Noted. A separate budget meeting was held by the Council on 12th February 2024 and the precept set on that basis. The 18th March 2024 Parish Council meeting was cancelled by the Clerk and our Clerk unexpectedly resigned at the next Council meeting. Unfortunately, the need to formally minute the approval of the budget was missed by the Councillors in this transitional period.</p>	Robust budgetary procedures now in place.

	Matters raised by External auditors	Comments/observations	Agreed actions
	<ul style="list-style-type: none"> <i>The smaller authority has confirmed that while there are summary figures to back up the fixed asset figure in Section 2, Box 9 by category, there was a lack of information available to be able to identify the individual assets within each category. An exercise has been carried out since the year end to recreate a detailed fixed asset register which shows a breakdown of each individual asset value in accordance with the smaller authority's new fixed asset policy. The smaller authority should ensure that the comparative figure for fixed assets in the 2024/25 AGAR is restated to be on the same basis of valuation.</i> 	Noted and agreed. This matter was raised in an internal auditors report several years ago but did not appear to be implemented. This year, the Council has worked very hard to create a detailed fixed asset register to support its filing position. The comparatives for 2023/24 will be restated based on the 2024/25 fixed asset register work.	A detailed fixed asset register has now been created, and a fixed asset policy agreed. This was approved by the Council at its March 2025 Parish Council meeting.
A3.	<i>Section 1, Assertion 2 has been incorrectly completed. In February 2024 a three-year contract with Worknest was entered in to on behalf of the smaller authority by one of the Councillors following approval at the meeting held on 19 February. In January 2024 the smaller authority had adopted the NALC model financial regulations which state in paragraph 10.4 that "A member may not issue an official order or make any contract on behalf of the Council". As a result of this breach of financial regulations the smaller authority should have answered 'No' to this assertion.</i>	Noted. In 2023/24 the Council updated its Financial Regulations to the NALC standard regulations as a review of the then existing Regulations highlighted that they were grossly out of date and not compliant with current legislation. We acknowledge that on a review of the Regulations in place between January and June 2024, that the Worknest contract should have	Robust systems now in place regarding contract authorisation and signing. Financial regulations updated again in June 2025 to be compliant with revised NALC model published in April 2025.

	Matters raised by External auditors	Comments/observations	Agreed actions
		<p>been signed by the Clerk and not a Councillor. Three quotes were obtained for this work and the matter extensively discussed at both the January and February Parish Council meetings. The unanimous decision to enter the cheapest contract was authorised and minuted by the Council in the February 2024 Council meeting. It was also an agreed budgeted expense item for 2024/25. With hindsight the Clerk at the time should have contacted Worknest and asked for the contract be reissued for him to sign. However, the authorisation of this contract is not in dispute merely the process of who should have signed it.</p>	
A4.	<p><i>Section 1, Assertion 3 has been incorrectly completed and should have been answered 'No' as a result of the following:</i></p> <ul style="list-style-type: none"> <i>Information received from the internal auditor highlights that the smaller authority has not adopted a model publication scheme as required under the Freedom of Information Act 2000. As a result, this assertion should have been answered 'No'.</i> 	<p>Noted and agreed. Both these issues also relate to prior year AGARS. The Council has already taken steps to correct the points highlighted:</p> <ul style="list-style-type: none"> A Freedom of Information Publication Scheme was adopted by the Council in 	<p>Issues already dealt with as part of actions from Internal Auditors Report for year ended 31 March 2024.</p>

	Matters raised by External auditors	Comments/observations	Agreed actions
	<ul style="list-style-type: none"> <i>Information has come to our attention highlighting the fact that the smaller authority did not have an email management system in place during the year under review whereby it had an email account that belonged to the smaller authority and to which the smaller authority had access. This has been rectified since the year end.</i> 	<p>September 2024 and is available on our website.</p> <ul style="list-style-type: none"> All Councillors now have gov.uk e-mail addresses 	
	<i>Other matters (Governance issues for attention of the Council and/or public)</i>		
<i>B1.</i>	<p><i>We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2024/25 for the exercise of public rights, since the period for the exercise of public rights was less than 30 consecutive working days in length and the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2024/25 and ensure that it makes proper provision for the exercise of public rights during 2025/26.</i></p>	<p>Noted and agreed. This has also been an issue for Ashdon Parish Council in some previous AGARS. (For example, the 2021/22 AGAR highlighted the same issue). In the 2024/25 period, as the External auditor had granted a submission deadline extension, the standard public rights days were not provided by them. Initially the days were calculated including a Saturday which meant that there was a shortfall of one day. This was immediately pointed out to the Parish Council by the external auditors and the correction</p>	<p>Procedure now in place for proper exercise of public rights. We now have a log of when Notices are actually put up on our six Notice Boards and website.</p>

	Matters raised by External auditors	Comments/observations	Agreed actions
		immediately made to our website.	
<i>B2.</i>	<i>In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to weaknesses in relation to risk assessment. The smaller authority must ensure that action is taken to address this area of weakness in a timely manner.</i>	Noted and agreed. This issue has already been addressed by the Council following a complete review of the internal control procedures and annual risk assessment.	Revised more detailed risk assessment in place for 2024/25 (approved in March 2025 Parish Council meeting) with a procedure for annual reviews in March of each year.
<i>B3.</i>	<i>We are aware that there has been some dispute regarding the accuracy of the minutes of the meetings held on 19 February and 8 April 2024. We note that the amended minutes of the meeting held on 19 February and the minutes of the meetings held on 8 April, 2 May and 23 May 2024 were all approved in the meeting on 17 June 2024. We would remind the smaller authority that any errors in the minutes should be corrected in the following meeting.</i>	Noted and agreed. The period in question was a very difficult time for the Council as it was struggling to find a Locum Clerk to take the Council forward.	All minutes now approved and minuted at the following Parish Council meeting.
<i>B4.</i>	<i>We note that the smaller authority had not provided a formal contract of employment for the clerk and that this was being negotiated during the year. We further note that no pension contributions were made by the smaller authority. Best practice would be that all employees have a contract of employment in place with copies being kept by the smaller authority and that pension requirements are considered on a regular basis and any related decisions made are included in the minutes. We are concerned that the smaller authority may not have</i>	Noted and agreed. This was an historic issue that was being addressed by the Council. The appointment of Worknest (see A3 above) was part of this process.	Updated procedures now in place.

	Matters raised by External auditors	Comments/observations	Agreed actions
	<i>complied with the Pensions Acts 2004-2015. In future any employees must be provided with a contract of employment and the smaller authority should ensure that it is registered with HMRC and the pensions regulator.</i>		
C1.	<p><i>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.</i></p> <p><i>Further to the completion of our challenge work, here is the analysis of the additional time charged until today. As I'm sure that you will recognise, we have not charged all the time spent dealing with the challenge correspondence over the last few months – that would be a much higher number of hours, but have only charged time used to progress the work on the challenge file, equating to less than two days work to consider, determine and report on the information received.</i></p> <p><i>The total time charged is shown below:</i></p>	<p>The Council has been subjected to a persistent campaign against the Parish Council of which this audit challenge is a part. Whilst we try to minimise the costs of dealing with this campaign, unfortunately, if the external auditor receives a complaint about the council, this can result in an expensive exploratory process, over which we have no control. As reported recently in the Walden Local, concerning Debden Parish Council, a complaint can be made every year, which results in a leaching of village funds annually.</p>	<p>This fee represents 11% of the annual precept which is a significant unbudgeted expense for the Council.</p> <p>Going forward we will need to build this additional expenditure into our budget if this campaign continues. Unfortunately, this will result in a precept increase for residents and/or a reduction in the provision of services that can be provided by the Parish Council.</p>

9-Jun-25

Matters raised by External auditors				Comments/observations	Agreed actions
<p><i>The invoice will be included with the completion letter, which will be with you in the next few days.</i></p>	Grade	Hourly rate £	Hours to be billed	Total £	
	Engagement lead	355.00	13.5	4,792.50	
				0	
				4,792.50	
	VAT @ 20%			958.50	
	Total			5,751.00	