

Guidance regarding potential objections to the 2023/24 AGAR:

Please find below some general information on the objection process that is applicable during the public rights period this summer, in relation to the authority's 2023/24 Annual Governance and Accountability Return (AGAR) (which comprises the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2)).

As you will see from the information below and the guidance, our remit as appointed auditors is quite narrow and all costs of any additional work that we carry out in response to challenges to the AGAR are met by the authority (and therefore the local taxpayers through increased council tax). The costs are set by Smaller Authorities Audit Appointments Ltd (SAAA) and additional work as a result of challenge correspondence received is carried out by an engagement lead at a cost to the authority of £355 per hour plus VAT, i.e. £2,485 per day plus VAT.

Who can raise an objection?

You can only object to the AGAR if you are an elector of the authority in question; that means you must be registered on the electoral register for the geographical area covered by the authority on the date that an objection is raised. Please find below a link to the National Audit Office (NAO) document which explains the rights of an elector to raise issues with us during the public rights period:

<https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Council-accounts-a-guide-to-your-rights.pdf>

'Information brought to the auditor's attention'

If you are not registered on the electoral roll of the authority, unless the authority has exempted itself from our limited assurance review, then you may still raise issues with us that we may choose to consider during our review work; such issues are referred to as 'information brought to the auditor's attention' rather than objections. In this situation, we do not formally respond to you directly with the results of our consideration.

What you can and can't object to

You may have concerns relating to matters that are referred to in an authority's annual governance statement or matters of wider concern arising from items of the authority's accounting statements; these are the only matters that fall within our remit as appointed auditors and can form the basis for an objection to the 2023/24 AGAR. Please refer to our website for details of the limited assurance regime: <https://www.pkf-l.com/services/limited-assurance-regime/> The website also includes a copy of the [Practitioners' Guide](#) (PG); Sections 1 and 2 of which constitute proper practices which the authority must follow when preparing its AGAR.

How to frame an eligible objection

It is helpful for objectors to frame their objections using the mandatory bullet points specified for each governance assertion within [Section 1 of the PG](#), i.e. pages 8 – 14, or by referring to [Section 2 of the PG](#) in respect of objections to incorrect or unlawful items of account, i.e. pages 15 – 22. If an objection does not relate to either a mandatory governance requirement, a material inaccuracy in the accounting statements or an unlawful item of account, then it cannot be considered to be eligible.

Please remember that objections cannot be raised anonymously.

Please note the following important points regarding our limited remit as appointed auditors:

- we have no power to enforce the proper provision for the exercise of public rights, as these are the rights of an individual – we can only contact the authority and remind it of its obligations;
- concerns regarding matters of policy cannot form the basis for an eligible objection, i.e. just because an elector does not agree with an authority's decision, that does not make it an unlawful decision;
- we cannot re-examine closed years' governance or accounts, only items included in the 2023/24 AGAR can form the basis of an eligible objection;
- objections to alleged omitted items of account cannot be eligible;
- our remit does not include the work of the internal auditor, this cannot form the basis for an eligible objection;
- concerns about the conduct of any member(s) of the authority should be raised with the standards committee of the district/unitary council via its monitoring officer;
- concerns regarding any members of staff should be raised with the authority itself; and
- concerns involving any suspicion of fraudulent misconduct should be raised directly with the Police.

In summary, we can only consider a formal objection to be eligible if it:

- is made by an elector of the authority; **and**
- relates to an item(s) within Sections 1 or 2 of the 2023/24 AGAR (as explained above); **and**
- is received during the specified 30 working day public rights period set by the authority; **and**
- is copied to the authority in full; **and**
- specifies the facts and grounds on which the objector is relying.

What will happen if you raise an objection?

The first thing we will always ask is whether you have raised your concerns formally (i.e. in writing) with the authority in your capacity as a local elector and received a formal response from the authority. As our involvement in challenge matters is so costly to authorities (and therefore their council taxpayers), we always encourage local electors to try and resolve as many of their issues as possible direct with their authority. Please note that if the authority fails to formally respond to you, this does not preclude you from raising the relevant issues with us as objections; however, this will undoubtedly result in higher costs to the authority.

If you are not satisfied with the authority's formal response to any of your concerns, then you can raise objections to responses to the governance assertions or items of account within the 2023/24 AGAR with us as external auditors (**copying in the authority**). We have provided a [template](#) for you to complete if you wish. Please ensure that the objection is factual (opinion on the authority's actions cannot be considered) and is supported by reference to documentary evidence.

After first deciding whether your objection is eligible (that is, it meets the statutory requirements to be a valid objection), we will then decide whether we will accept the objection for consideration. Even where an objection is eligible, we have wide discretion as to whether or not to accept it for further consideration. This will broadly depend on whether you have raised something in relation to which the public interest is such that further investigation/action is justified. The grounds, among others, on which we may decide not to accept the objection for further investigation include:

- the cost of dealing with it would be disproportionate to the underlying sum (item of account) to which it relates;
- that it is frivolous or vexatious; and/or
- it is a repeat of an objection made in a prior year of account.

If an objector wishes to withdraw any or all objections to the AGAR, this can be done at any point in the process. Unless the authority is exempt from our limited assurance review, we will still consider whether in our view the withdrawn objections have an impact on the 2023/24 AGAR or on our report on the AGAR before completing our limited assurance review of the AGAR; however, the additional reporting stages of the process will be avoided and so the costs to the smaller authority will be lower.

The objection process that we must follow is prescribed by the NAO, please see below a brief explanation for your information:

- Step 1 – eligibility:
 - Receipt of objections;
 - Assessment of objections against eligibility criteria;
 - Notification of eligibility decisions – copied to authority; and
 - Confirmation of objector’s electoral status.
- Step 2 – acceptance:
 - Assessment of eligible objections against acceptance criteria; and
 - Notification of acceptance decisions – copied to authority.
- Step 3 – consideration & decision:
 - Request for information including formal response from authority in respect of accepted objections (copied to objector);
 - Analysis of accepted objections and information received from authority;
 - Request for further clarification/information from objector and/or authority if required (copied to authority/objector);
 - Collation and redaction of material documents as appropriate;
 - Sharing of material documents if not previously shared with objector;
 - Analysis of comments received on material documents;
 - Determination of accepted objections;
 - Decision letter including statement of reasons issued to objector (copied to authority);
 - Statutory reporting issued to authority if appropriate (copied to objector); and
 - Appeal period if our decision is not to apply to the Courts regarding an alleged unlawful item of account (21 days).
- Following completion of the challenge work:
 - FOR SMALLER AUTHORITIES SUBJECT TO OUR LIMITED ASSURANCE REVIEW:
 - Completion of our limited assurance review of the AGAR; and
 - External auditor report, including any challenge related reporting matters, and certificate on the AGAR issued to authority along with invoice for the limited assurance review and the additional work as a result of challenge correspondence received.
 - FOR EXEMPT AUTHORITIES:
 - Non-statutory recommendations, including any challenge related reporting matters, issued to authority if appropriate along with invoice for the additional work as a result of challenge correspondence received.

We are required to make our best endeavours to complete Step 1 within a week of receipt, then Step 2 within a further month, then Step 3 within a further six months. Where we are not able to decide the objection within six months, we will inform the objector and the authority. If we have not been able to conclude in the meantime, we will provide further updates on progress every three months until the objection is decided.

What to do next

You only have the 30 working day public rights period to raise objections with us; this period is set by the authority and commences after the authority has approved the AGAR and published it on its website and should include the first 10 working days of July. If after reading the NAO publication and receiving the authority's response to your concerns, you still wish to raise an objection(s), please ensure we receive your objection before the end of the public rights period.

For authorities subject to our limited assurance review only (i.e. not exempt authorities), if you are not able to submit your objection(s) within the 30 working day public rights period or you are not an elector of the smaller authority, we would treat the matter as 'information brought to the auditor's attention'. It would still be considered and reported to the authority as we deem appropriate, but we would not have any reporting obligation direct to you.

Please carefully read the information we have provided above and the information in the [NAO document](#) and determine if:

- You are entitled to raise an objection;
- Your objection is something we would consider based on the information above;
- Whether or not your concerns would be better dealt with by discussions with the authority in question to avoid incurring unnecessary expense to the authority and taxpayer.

If, having considered the above, you wish to raise an objection with us to the authority's 2023/24 AGAR, please provide the information specified in the attached form with supporting documentary evidence as appropriate within the public rights period, i.e. to be received by us before midnight on the last day of the period (via [email](#) preferably and copied to the authority). Please mark your correspondence for the attention of Rebecca Plane (Head of Challenge).