

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 either Form 2 or 3, whichever is relevant, of the Annual Governance & Accountability Return (AGAR)), 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 either Form 2 or Form 3, whichever is relevant, of the AGAR); 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 document, 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 either Form 2 or 3, whichever is relevant to your smaller authority, of the AGAR; and
 - b) the completed Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return. Please note that we have pre-completed it with the following suggested dates: Monday 13 June – Friday 22 July 2022. (The latest possible dates that comply with the statutory requirements are Friday 1 July –Thursday 11 August 2022); and
 - c) the notes which accompany the Notice (Local authority accounts: a summary of your rights).

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 smaller authority 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 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 smaller authority'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 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 smaller authority. The notice must include:

- confirmation that you are an elector in the smaller authority'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 about which you think the external auditor should make a public interest report.

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 smaller authority. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or to your solicitor. Smaller authorities, 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.

<p>For more detailed guidance on public rights and the special powers of auditors, copies of the publication <u>Local authority accounts: A guide to your rights</u> are available from the NAO website.</p>	<p>If you wish to contact your authority's appointed external auditor please write to the address in paragraph 4 of the <i>Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return</i>.</p>
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