

Broadclyst Parish Council: External Audit Report

Subject: Response to External Auditor's Comments – AGAR 2024/25

Meeting Date: 6th October 2025

Report Author: Angie Hurren, Proper Officer.

1. Purpose of the Report

To inform Council of the matters raised by the external auditor in the conclusion of the 2024/25 Annual Governance and Accountability Return (AGAR) review, and to outline actions taken to address these points going forward.

2. Background

On 27 September 2025, the Council received the external auditor's report for the year ending 31 March 2025. The auditor issued a qualified opinion on the Annual Governance Statement (Section 1), specifically relating to Assertion 5 – Risk Management.

An additional comment was made under "Other matters not affecting our opinion" relating to Internal Control Objective L in the Annual Internal Audit Report.

3. Matter 1: Risk Management (Assertion 5)

3.1. External Auditor's Finding:

"Risk management arrangements were not reviewed and approved by the authority as a whole during the year... A formal Risk Assessment was carried out by the Finance and Governance Committee during March 2025 but this was not received by Full Council until 7 April 2025."

3.2. Response and Actions Taken:

- The Finance & Governance Committee undertook a comprehensive risk review on 25 March 2025, within the financial year. However, the minutes were not received by Full Council until 7 April, which falls into the new financial year.
- Although the review was completed in time, the external auditor determined that the formal requirement under Assertion 5 was not met because Full Council had not received or minuted the assessment within year.

3.3. Action: Update to Council Calendar

- To ensure timely receipt of risk assessments by Full Council in future years, the following change will be made to the annual meeting calendar:
 - The Finance & Governance Committee will bring forward the annual risk review to February each year.
 - This will ensure that the reviewed and approved risk register is reported to Full Council in March, within the same financial year.

4. Matter 2: Internal Audit – Control Objective L

4.1. External Auditor's Finding:

“The internal auditor has not provided an explanation where the response given is ‘Not covered’ in respect of internal control objective L... the authority must ensure that assurance... has been sought elsewhere.”

Control Objective L reads:

“The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.”

4.2. Response and Actions Taken:

- At the time of audit, the Internal Auditor marked this item as N/A. This was based on the previous understanding that Internal Control Objective L referred solely to compliance with the Transparency Code for Smaller Authorities, which applies to councils with turnover below £25,000 or over £2,000,000.
- Following clarification, it has been confirmed that Internal Control Objective L applies to all Category 2 authorities, including Broadclyst, and refers to statutory publication duties under the Accounts and Audit Regulations 2015.
- After discussion with the Internal Auditor, the scope of future internal audits has now been formally updated to include checking of:
 - Publication of the AGAR (Sections 1 & 2) and public rights notice
 - Notice of conclusion of audit and external auditor report
 - Any other required publications under the statutory framework

5. Recommendation

Council is asked to:

- A. Note the matters raised by the external auditor and the qualified opinion issued.
- B. Approve the change to the Council’s calendar to ensure risk review is considered by Full Council in March each year.
- C. Note the updated internal audit scope to ensure that statutory publication checks under Internal Control Objective L are included going forward.
- D. Approve this report as a formal record of actions taken in response to the external auditor’s report for 2024/25.

6. Reasons for Recommendation

These recommendations are made in direct response to the findings of the external auditor in their review of the Council’s AGAR for the financial year ending 31 March 2025. Implementing them will ensure the Council meets its obligations under the Accounts and Audit Regulations 2015 and demonstrates continued adherence to Proper Practices, as defined by the JPAG Practitioners’ Guide.

The specific reasons are as follows:

- 6.1. To ensure timely compliance with Assertion 5 of the Annual Governance Statement, which requires that risk management arrangements are reviewed and approved by the authority within the financial year. Adjusting the calendar will provide the necessary lead time to report to Full Council before year-end.
- 6.2. To respond to the external auditor's recommendation that the Council must obtain internal assurance over the publication of statutory information on its website. Expanding the internal audit scope will ensure that Control Objective L is correctly addressed and evidenced in future AGAR submissions.
- 6.3. To enhance the robustness of the Council's internal controls and audit trail, thereby reducing the risk of qualification in future audits and ensuring transparency and accountability in line with the expectations for a Category 2 authority.
- 6.4. To maintain public confidence by demonstrating that the Council acts on audit feedback promptly and in accordance with best practice.

Angie Hurren
Broadclyst Clerk/RFO
29.09.2025