Smaller Authorities Proper Practices Panel (SAPPP)

Formerly Joint Panel on Accountability and Governance (JPAG)

Terms of Reference – NOV 2025

Agreed by the Panel on 3 NOV 2025

To be reviewed NOV 2028

Contents

1. Introduction

1.1. The Smaller Authorities Proper Practices Panel (SAPPP) is responsible for preparing, maintaining and issuing proper practices to be followed by smaller authorities in relation to accounting and internal control as referred to in the Accounts and Audit Regulations 2015 (AAR 2015) and The Local Audit (Smaller Authorities) Regulations 2015. This responsibility is recognised by the Ministry of Housing, Communities and Local Government (MHCLG).

1.2. Proper practices are the proper accounting and governance practices to be followed by a smaller authority as referred to in statute.

1.3. Proper practices set the standard for financial and governance reporting by smaller authorities. Compliance with these standards is mandatory for smaller authorities.

2. Authority

2.1. SAPPP is an autonomous sector led body whose authority to determine proper practices originates in Statute.

Regulation 11(2) of the 2015 Regulations provides that "a statement of accounts prepared by a Category 2 authority under section 3(3) of the (2014) Act must take the form of - (a) an income and expenditure account; and (b) a statement of balances,...prepared in accordance with, and in the form specified in any return required by, proper practices in relation to accounts". Proper practices for category 2 authorities are, by virtue of regulation 31(c) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, those found in SAPPP's Practitioners Guide. **Appendix 1** – Updated 2015 Regulations link

2.2. SAPPP may make, update or amend the extant proper practices without reference to any other body. As supported in **Appendix 2** – Legal Statement.

2.3. However, SAPPP must remain mindful that proper practices are intended to assist relevant smaller authorities in their operation of the accounting regime under the Accounts and Audit Regulations 2015, and other relevant legislation, and any changes to proper practices must be in accordance with these legal requirements.

3. Commitment

3.1. The panel will maintain proper practices in relation to the preparation of smaller authorities' statutory accounts, including the Annual Governance and Accountability Return (AGAR), to support practitioners in meeting the requirements.

3.2. The panel will ensure requirements of annual reporting for smaller authorities remain fit for purpose by evolving with changes in practice and by seeking feedback from practitioners and stakeholders.

3.3. The panel will provide non-statutory guidance on proper practices and binding decisions on questions of clarity relating to the proper practices.

3.4. The panel will, through its actions, contribute to the effective governance of smaller authorities and allow local communities to hold their local smaller authorities to account.

3.5. The improvement of accountability and governance of smaller authorities shall be the panel's guiding principle as it discharges its responsibilities.

4. Purpose of the Panel

4.1. To determine proper practices in relation to accounts for smaller authorities in England as referred to in Regulations 6 (4) and 11 of the Accounts and Audit Regulations 2015.

4.2. To prepare, maintain, develop, and issue the Practitioners' Guide (PG) which sets out proper practices for smaller authorities to assist with completing the Limited Assurance Review.

4.3. To approve AGAR forms for promulgation by Smaller Authorities Audit Appointments Ltd (SAAA).

4.4. To conduct an annual review of the PG and AGAR forms and agree any changes.

5. Outputs

5.1. The panel will produce the PG and a suite of AGAR forms.

5.2. These publications will be produced under the panel's branding and authority.

5.3. The member bodies will publish the PG on their websites, without charge, and where it can be freely accessed by any interested party.

6. The Practitioners' Guide

6.1. The Practitioners' Guide's (PG) principal purpose is to document proper practices. The PG also provides guidance on how to comply with proper practices for practitioners in smaller authorities.

6.2. The PG is published jointly by NALC, SLCC and ADA. These three bodies are the core members of the panel.

7. Preparation of the Practitioners' Guide

7.1. At least annually, SAPPP will review the PG by considering;

- feedback from practitioners via the annual consultation,
- feedback from panel members,
- developments in the sector which give rise to the need for any further guidance or clarification on accounting and governance practices.

7.2. SAPPP shall notify key stakeholders as soon as practicable of any proposed changes to the PG.

7.3. Before any significant changes to the PG are made there will be a period of consultation with practitioners of at least 6 weeks. The consultation will be publicised by NALC, SLCC and ADA, including on their websites.

7.4. Significant changes include the introduction of new requirements into Section 1,2 and 3 which may require smaller authorities to adjust their accounting systems or require them to provide new information.
7.5. Changes to wording to improve clarity are not significant changes,
7.6. Any comments received via the annual consultation may be put on public record so that NALC, SLCC and ADA can publish comments or summaries of comments – this will be made clear on any consultation document published.
7.7. Additional information, guidance, or exemplar documents, that are not proper practices may be included in the PG. These will be clearly identified in a separate section of the guide and will not be mandatory.
7.8. SAPPP will not review or approve guidance issued by any other body, group or organisation.

8. Annual Governance and Accountability Return (AGAR).

8.1. From time to time, it will be necessary to update the AGAR forms to reflect changes to proper practices.
8.2. Changes to the AGAR will be approved by SAPPP and the forms will be published by SAAA.

9. Membership of the Panel

9.1. SAPPP shall consist of representatives from the following bodies:

- National Association of Local Councils (NALC) **CORE MEMBER**
- Society of Local Council Clerks (SLCC) **CORE MEMBER**
- Association of Drainage Authorities (ADA) **CORE MEMBER**
- Smaller Authorities Auditors Appointments (SAAA)
- Ministry of Housing, Communities and Local Government (MHCLG)
- Department for Environment, Farming and Rural Affairs (DEFRA)
- National Audit Office (NAO)
- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Representative of External Auditors (appointed by NAO)
- Representative of Internal Auditors (appointed by core members)
- Independent Chair if appointed.

9.2. NALC, SLCC and ADA are the core member bodies which establish SAPPP.
9.3. Independent members may be co-opted to the panel, subject to 9.4 below.
9.4. Any co-options need to have the consent of all three core member bodies before being accepted onto SAPPP. Acceptance will be via a majority vote. The term of office for a co-opted member is one year, to be renewed on an annual basis.
9.5. Co-opted members are invited to SAPPP in a supporting capacity and have no formal voting rights.
9.6. Others may be invited to attend a meeting of the panel, or its sub-groups, on an ad-hoc (non-voting) basis to advise on specific issues or projects, or as observers.

10. Appointment of the Chair

10.1. The appointment of the chair is decided by a majority vote on nominations submitted by the core member bodies; NALC, SLCC and ADA.

10.2. The nominee does not need to be a member of the nominating body, and the chair shall act independently of the nominating body.

10.3. The appointment of the chair is for a term of 3 years, up to a maximum of 6 years.

10.4. A Vice Chair may be appointed by majority vote from nominations submitted by any member of the panel

11. Secretariat and Support

11.1. The secretariat coordinates and administrates all meetings of the panel and Technical Working Group.

11.2. The secretariat supports SAPPP by overseeing consultation with smaller authorities, drafting changes to the PG as agreed by the panel, communicating these changes with smaller authorities and keeping SAPPP's terms of reference under review.

11.3. The Secretariat is provided by SAAA, subject to SAAA Board's agreement.

11.4. SAAA will provide grant funding to support SAPPP, subject to SAAA Board's agreement.

12. Conduct of Meetings

12.1. Meetings will usually be held remotely online unless agreed otherwise by a majority vote.

12.2. Items and associated papers for inclusion on the agenda should be sent to the secretariat at least two weeks prior to the published meeting date.

12.3. The secretariat will schedule the meeting and send out the meeting link, along with the agenda and associated papers, at least one week before the meeting.

12.4. Any apologies should be sent to the secretariat as soon as possible and prior to the start of the meeting.

12.5. Panel members and observers must not use their position for personal gain.

12.6. Members of the panel are given the opportunity, at each meeting, to declare any interest relevant to items on the agenda and in doing so must withdraw from all discussions on that item and take no part in any vote on the matter.

12.7. Draft Minutes of the meeting will be approved by the chair as soon as practicable after the meeting. Once approved by the chair, the draft minutes will be published on NALC's and SAPPP's websites. The minutes will be formally approved at the next full meeting of the panel.

12.8. Panel members will model standards and behaviours expected in the sector generally – supportive, respectful, and inclusive.

13. Quorum

13.1. The quorum for meetings is 5 members and must include at least two members representing the three core member bodies - NALC, SLCC or ADA.
13.2. Non-quorate meetings can discuss and note matters to be reported to the next quorate meeting of the Panel but have no executive authority.
13.3. At the Chair's discretion, urgent decisions can be made by correspondence with members.
13.4. Representatives of the core members bodies (ADA, NALC, SLCC) have the right of veto.

14. Delegation

14.1. In between meetings, workflows can be progressed through delegation to the Secretariat, agreement of members via email, meetings of sub-groups working on particular items and/ or in consultation with the Chair.
14.2. Any actions arising from this type of delegation should be reported to the next meeting of the Panel.
14.3. Approval of the final draft of the PG and any changes to the AGAR cannot be delegated and must be agreed by the panel at a quorate meeting.
14.4. The Secretariat is authorised to submit recommendations for changes directly to the Technical Working Group.

15. Reporting and Communications

15.1. Members of the panel are encouraged to provide reports on the activity of SAPPP to the appropriate committee or Board in their organisation. This is to promote the work of the panel and raise awareness of its outputs.
15.2. The Panel may issue from time-to-time information about its activity and its outputs via its member's communication channels. Any such information should be drafted by the Secretariat and approved by the Chair before publication. This is to promote the work of the panel and raise awareness of outputs.

16. Sub-groups

16.1. SAPPP may establish sub-groups to consider individual issues or tasks.
16.2. The Terms of Reference and membership of such a sub-group will be approved by the Panel.
16.3. A sub-group may invite experts to join the sub-group subject to the group's Terms of Reference.
16.4. As detailed in 14.3 above, certain decisions cannot be delegated to sub-groups.

17. Technical Working Group

17.1. The Technical Working Group (TWG) is a sub-group which meets at least once a year.

17.2. Its purpose is to consider the consultation feedback on the PG from practitioners and panel members. It also considers the need for revised guidance arising from developments in the sector.

17.3. The TWG does not have delegated authority to make decisions on changes to the Guide. It makes recommendations to the Panel for suggested changes to the PG and AGAR forms if appropriate.

18. Membership of TWG

18.1. The Technical Working Group shall consist of representatives from the following bodies:

- NALC
- SLCC
- ADA
- External Auditors (appointed by NAO)
- Internal Auditors (appointed by core members)

18.2. Additional representatives may be asked to attend a meeting of the TWG if they have specialist knowledge in a particular area.

19. Indicative Annual Workflow

19.1. On an annual basis, SAPPP will carry out a consultation with practitioners and stakeholders, overseen by the Secretariat. The consultation will be used to help inform any changes the panel consider necessary. The panel may conclude that no changes are required.

19.2. Indicative annual workflow for SAPPP:

JUNE/JULY - Full Panel Meeting
▪ Elect Chair and Vice-Chair if required (see 10 above). ▪ Elect any Independent Members (see 9 above). ▪ Confirm meeting dates for the rest of the cycle. ▪ Members report any PG feedback received for discussion by the TWG.
JULY/AUGUST/SEPTEMBER - Collect feedback on PG
OCTOBER - Technical Working Group Meeting
▪ Consider feedback from auditors, members and practitioners. ▪ Agree on recommendations for any changes.
NOVEMBER - Full Panel Meeting
▪ Consider proposals from the TWG and agree on any changes to the PG. ▪ Consider any changes to the AGAR forms. ▪ Determine if a consultation is required.

DECEMBER - Drafting of the revised PG
JANUARY - Consultation (if required – see 7 above)
FEBRUARY - Full Panel Meeting
▪ Sign off revised PG for publication. ▪ Agree final AGAR forms for publication.
MARCH - Publish Practitioners' Guide (by 31 March)

20. Monitoring and Performance Review

20.1. SAPPP will review its Action Plan on an annual basis considering whether its planned tasks have been completed.

20.2. Panel members are encouraged to provide feedback to the Chair on their view of the Panel's effectiveness.

20.3. The Panel will review its effectiveness, collectively, on an annual basis and consider the need for external feedback.

20.4. These views will be shared with the Chief Executive Officers of the Member bodies (NALC, ADA and SLCC) for their consideration.

21. Review of these Terms of Reference (TOR)

21.1. SAPPP will carry out a formal review of its TOR at least every 3 years. During the intervening period, the Secretariat will keep the Terms of Reference under review, advising the Panel if any changes are needed.

Appendix 1

Link to The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2015

www.legislation.gov.uk/uksi/2015/341/regulation/2/made

Appendix 2

Legal Advice obtained by the SAAA detailing the role of the Smaller Authorities Proper Practices Panel in setting proper practices for smaller authorities.

SAPPP

Smaller Authorities Proper Practices Panel

The role of the Smaller Authorities Proper Practices Panel (SAPPP) in setting Proper Practices for Smaller Authorities

Proper Practices are the standards of governance and accounting that Smaller Authorities must meet if their income or expenditure (whichever is highest) does not exceed a specified limit for three consecutive years. This limit was raised from £6.5 million to £15 million for financial years starting after 1 April 2025. The Smaller Authorities' Proper Practices Panel (SAPPP) is responsible for issuing these standards.

SAPPP includes representatives from the Association of Drainage Authorities (ADA), the National Association of Local Councils (NALC) and the Society of Local Council Clerks (SLCC), along with stakeholder partners. It has produced the Practitioners’ Guide (Governance and Accountability for Smaller Authorities in England) since 2014. The publication is reissued annually with updated guidance.

The Practitioners’ Guide is specified in Regulation 31 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, to set out and describe proper accounting practices for Smaller Authorities. Section 2 of the Guide sets out Proper Practices for the preparation of the statement of accounts, as referred to in Regulation 11 of the Accounts and Audit Regulations 2015.

Section 1 of the Practitioners’ Guide sets out Proper Practices for the preparation of the annual governance statement referred to in Regulation 6 of the Accounts and Audit Regulations 2015. This section addresses each assertion of the annual governance statement of the AGAR.

There is no statutory definition of the annual governance statement, required by Regulation 6(1)(b), other than a requirement that it must be prepared in accordance with Proper Practices. Therefore, SAPPP has a statutory discretion to decide what the annual governance statement includes and to provide the wording for each assertion. This discretion is limited only by conventional principles of public law; It must not conflict with a legal obligation the authority already has and must not include matters which are not relevant to an annual governance statement.

Within these boundaries, SAPPP has been granted specific authority, by the specification of the Practitioners Guide in the 2003 Regulations, to set the content of the annual governance statement.

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The changes to the 2025 version of the Practitioners' Guide, including a new Assertion 10 in the annual governance statement are good information law practice, consistent with UK GDPR principles and recommended by the ICO. Therefore, SAPPP have determined that this merits inclusion as a separate assertion within the AGAR. These additions to the annual governance statement do not conflict with other enactments and are an exercise of SAPPP's statutory discretion to determine the content of the annual governance statement for Smaller Authorities.

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