

NALC Smaller Councils Committee

16 Apr 2024

Annie Child
CEO

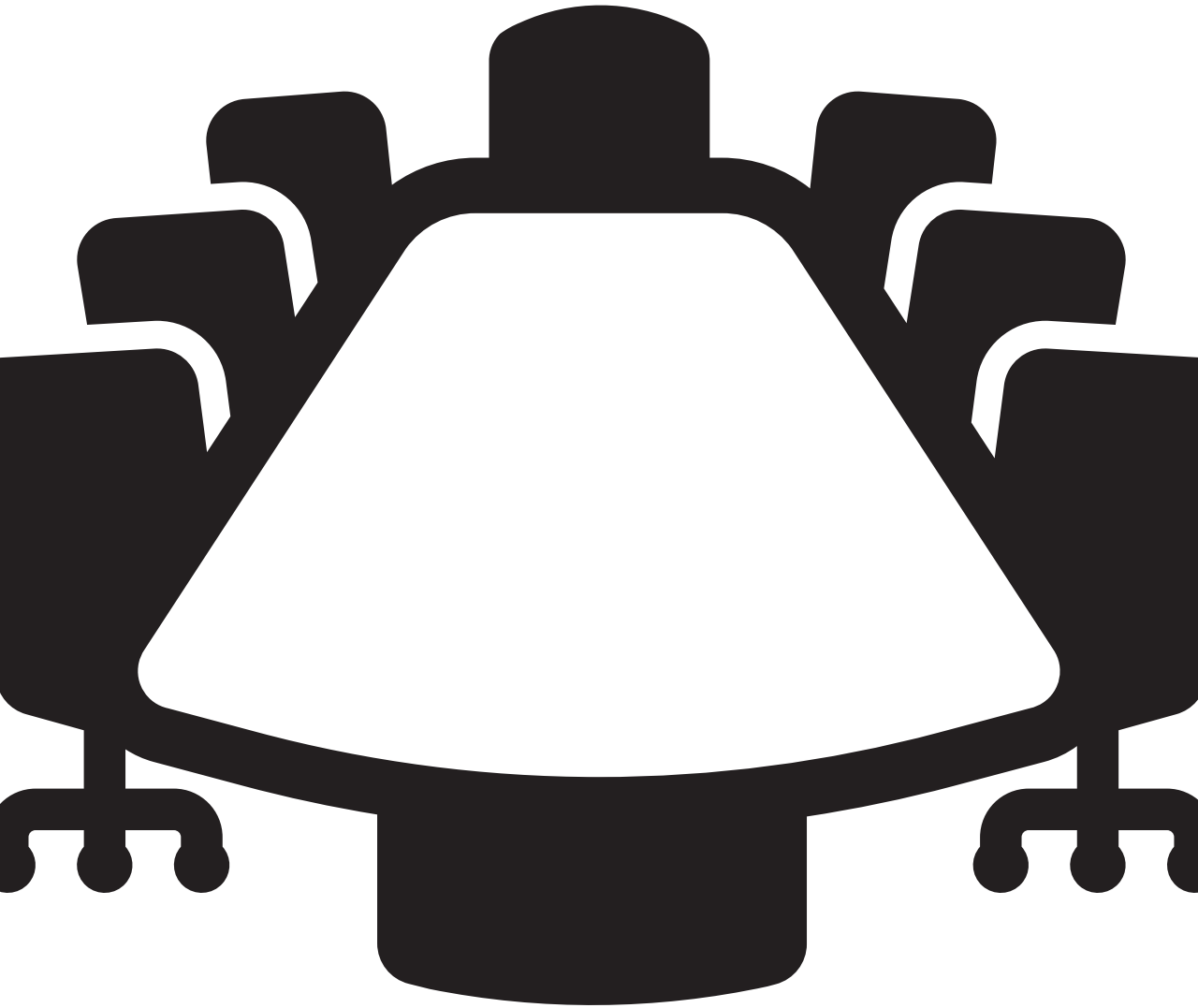
Saaa

Smaller Authorities'
Audit Appointments

SAAA's Key Purpose

SAAA is the sector-led limited company appointed by the then Department of Communities and Local Government as the 'specified person' to

- procure and appoint external auditors to smaller authorities in England
- perform the functions set out in the relevant legislation, and
- monitor delivery of the ongoing audit contracts



The Board

8 Board Members

3 Member Directors

- SLCC
- NALC
- ADA

5 Independent Directors

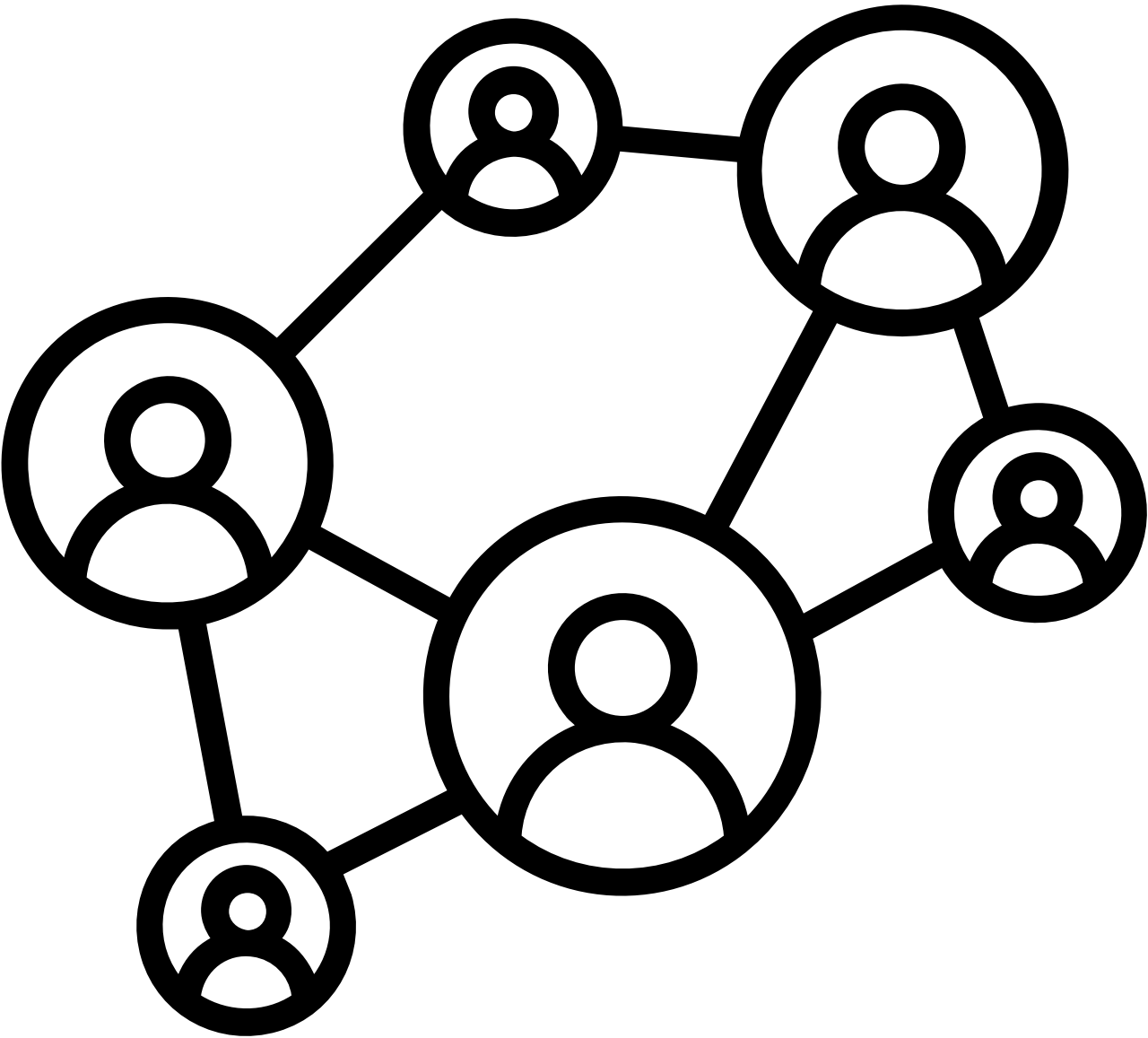
Staff Team

Annie Child, Chief Executive

Joanne MacCallum, Corporate Services Manager (part time)

Supported by contractors





Key partners

- NALC
- ADA
- SLCC
- PSAA
- NAO
- DLUHC
- FRC
- IAF
- Moore
- Mazar
- PKF Littlejohn
- BDO

Smaller authority sector 22/23 in England

- Authorities under £6.5 million that can levy a precept – **9,817**
- Local Councils **8,406** (86%)
- Parish Meetings **1,266** (12.5%)
- Internal Drainage Boards **112** (1%)
- Other authorities **33**
 - Include Charter Trustees, Conservators, Harbour Boards, Port Health Authorities, Crematorium Boards

Types of smaller authority

No financial transactions

Exempt authorities

- £25k or less + meet other basic criteria can certify as exempt
- Must comply it set with Transparency Code and publish financial information

Over £25k but under £200k

- 'Basic level' limited assurance review

Over £200k income/expenditure

- 'intermediate level limited assurance review' – with varying testing as income increase – set out in NAO's Auditor Guidance Note 02

Over £6.5 million

- If threshold exceeded for 3 consecutive years become a 'full audit' authority
- Limit defined in LAA Act 2014 (primary legislation)
- PSAA appoint auditors and annual audit costs increase from £4k to £50k+

Report on the results of Auditors' Work 2022-23

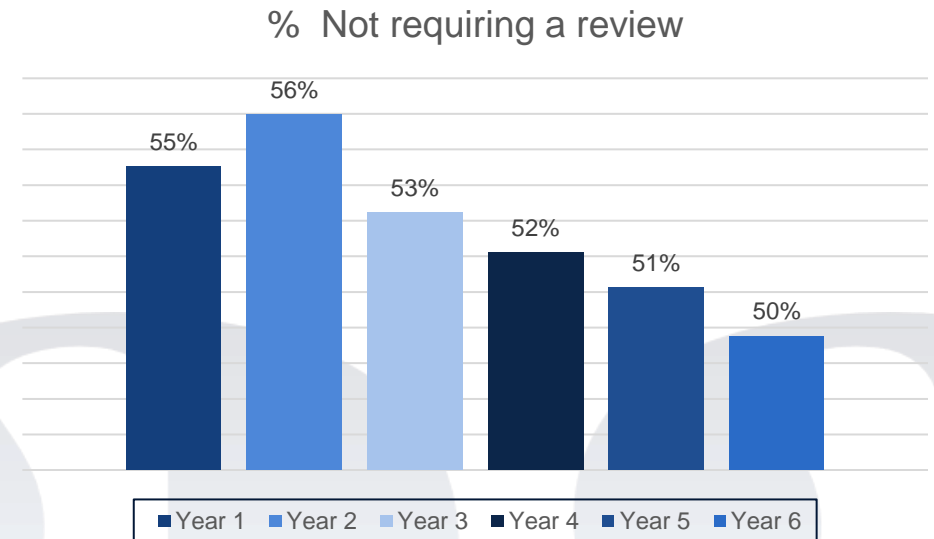
- In 2022-2023 there were 9,817 Smaller Authorities of which 9,705 town and parish councils, and parish meeting.
- 50% of all Smaller Authorities declared themselves to be exempt, leaving 4,932 Smaller Authorities requiring a limited assurance review
- The deadline for submission of the Annual Governance and Accountability Return (AGAR) was 30 June 2023.
- 45% (4,359) of Smaller Authorities had failed to submit their AGAR by that date
- By 31 December 2023, this figure had improved significantly to 4% (181) of smaller bodies.
- The delay in the submission of returns by some Smaller Authorities affects the rate at which auditors were able to issue their opinions.
- Nevertheless, by 31 December 2023, 93% of opinions had been issued by auditors with only 157 audits (3%) in progress and 181(4%) of AGARs not yet received.

Report on the results of Auditors' Work 2022-23

- In total, 4,594 opinions were issued by 31 December 2023.
- 1,428 of these (31%) were qualified by the auditor as not fully meeting statutory requirements. This is a similar level of qualification to the previous year.
- In 2022-2023 six Public Interest Reports (PIR) were issued at as the date of this report (4 April 2024) compared with eight in 2021-2022. All were issued because the authority failed to submit an AGAR or Certificate of Exemption when required to do so.
- Auditors also made 22 statutory recommendations to authorities that had failed, despite reminders, to submit a 2022-23 AGAR, the same number as in 2021-22.

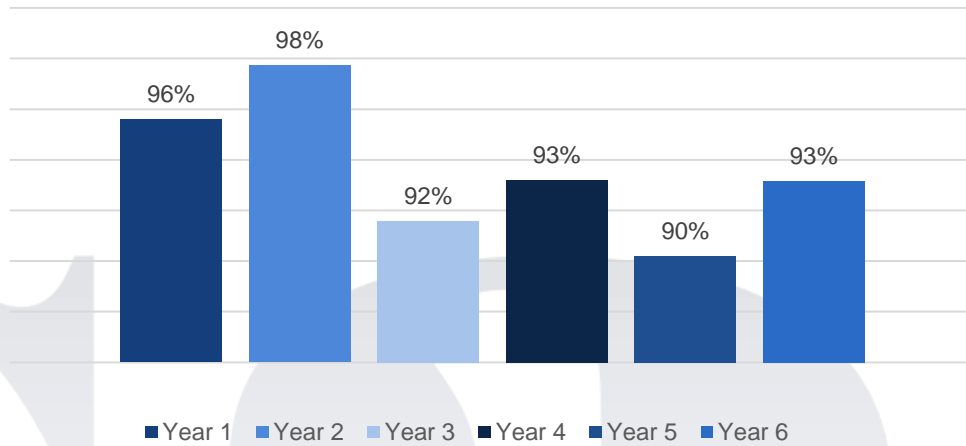
SAAA's areas of interest

- The £6.5M threshold – remove altogether?
- £25,000 lower threshold, should be nearer £40,000 considering inflation – increase?
- Parish Meetings
- Supporting NALC to support JPAG
- Review of Practitioners Guide
- Looking at the AGAR forms - digitisation
- Internal audit
- SAAA governance
- Building relationships

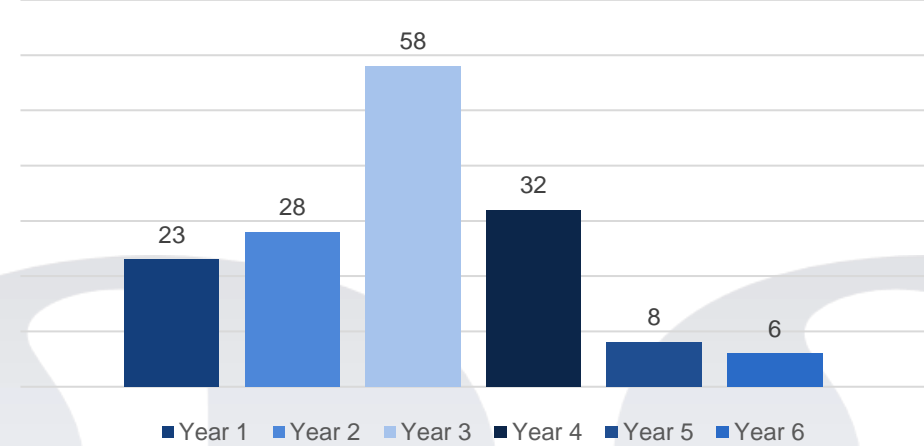


Other findings

% Opinions issued



PIRs Issued



Year 1 = 17/18, Year 6 = 22/23



Top Tips for Successful Audit

- ✓ Read the instructions provided by your audit firm
- ✓ Read the Practitioners Guide
- ✓ Submit your forms in plenty of time
- ✓ Be prepared to answer queries
- ✓ Keep your contact details up to date



Any Questions??

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