

Dear Colleagues,

The 1st April 2017 sees the next phase of the new audit and accountability regime come into being for smaller authorities throughout England. Responsibility for the audit and appointment of auditors will pass from PSAA to SAAA. From 2017/18 there will be:

- exempt bodies (those whose gross income or expenditure for the year does not exceed £25,000),
- authorities with no financial transactions; and
- authorities and non-exempt bodies that have expenditure between £25,001 and £6.5 million.

Details of the auditor appointments for smaller authorities for the 2017/18 financial year, along with the contact details for each audit firm are listed by county area on the SAAA website under the heading [Audit appointments](#).

Every smaller authority therefore has an auditor appointed and in place to act for them from the 1st April 2017 onwards in relation to their 2017/18 accounts.

The National Audit Office Code of Audit Practice and the detailed ethical standards for auditors set by the Financial Reporting Council make it clear that an auditor should not carry out any other work for an audited body if that work would impair their independence in carrying out any of their statutory duties, or might reasonably be perceived as doing so. Auditors are required to carefully assess their independence before accepting any engagement. The appointed audit firms therefore must have robust policies and procedures in place to ensure that potential conflicts of interest that could affect auditor independence are avoided.

The three appointed audit firms, Mazars LLP, Moore Stephens and PKF Littlejohn LLP, have all confirmed that no potential conflicts of interest have been identified. However, if an authority considers that it may have a potential conflict of interest with its appointed external auditor or should any potential conflicts arise during the lifetime of the contract, (2017/18 to 2021/22), the authority should inform SAAA immediately.

Authorities may wish to publish the name and contact details of their new auditors to ensure that local electors are aware of their identity and to whom they should direct any questions relating to items of account for 2017/18. A Directory of Small Body Appointments listing each individual authority will be published on the SAAA website once the data has been received from PSAA.

It is important to note that the annual returns covering 2016/17 will continue to be handled by your current external auditors, and that the new auditors will not be reviewing annual returns until the conclusion of the 2017/18 financial year. The current auditor details for 2016/17 can be found on the PSAA website at <http://www.psaa.co.uk/appointing-auditors/>

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**Chairman – Smaller Authorities' Audit Appointments Limited**