

As we approach the conclusion of the 2017/18 financial year this communication sets out the current position and the next stages under the new audit regime for smaller authorities.

### Notification of External Auditor Appointments

'Notification of external auditor appointment' e-mails were sent from SAAA to nearly 10,000 smaller authorities. Individual e-mails were sent to each authority using the contact details held by the previous external auditor. These should reflect up to date contact details as at the date of the submission of the 2016-17 annual returns.

The e-mailing exercise was rolled out on a county by county basis during November and December 2017. The majority of e-mails were successfully received and SAAA have retained records confirming the date and time that mails were sent to each individual authority.

Where no e-mail address was available, research was undertaken to find addresses using internet search engines to locate smaller authority websites. If no e-mail address could be found then hard copy letters were sent by post.

A number of responses have been received from previous clerks advising of a change of details/address for the clerk and e-mails have been resent to the new clerk/new address. The change of address problem is not an issue where councils and clerks use an authority e-mail address for council business rather than the personal e-mail address of the clerk. For this, and many other reasons, it is considered good practice for authorities to have and use an authority e mail address for transacting council business, wherever possible.

It became apparent that a small number of e-mails were going into spam/junk folders, which again was a particular problem where personal e-mail addresses are used for authority business. We therefore **strongly recommend** that all authorities ensure their audit firms are added to a 'safe senders' list. This is very important as communication will be by e-mail unless an authority has specifically requested hard copies by post. If this is not done there is a risk that important communications and deadlines may be missed.

### The new Annual Governance and Accountability Return (AGAR) 2017/18

The audit pack containing an instruction letter and the new Annual Governance and Accountability Return (AGAR) will be distributed by appointed external auditors towards the end of March 2018. If these are not received by the second week of April then authorities should contact their appointed auditor - contact details for appointed auditors are available on the SAAA website.

It is the statutory responsibility of the authority to approve and publish its accounting statements in the form of the annual return, therefore **authorities must ensure they have received the AGAR**. The AGAR must then be completed and returned to the appointed auditor by the due date. Failure to do so will result in authorities incurring avoidable costs.

There are 3 new AGAR forms named Part 1, 2 and 3. Authorities will only need to complete one of these, depending on their individual circumstances:

- Part 1 – Certificate of Exemption and Declaration of No Accounts – for those authorities with no financial transactions who qualify as exempt.
- Part 2 – Annual Governance and Accountability Return and Certificate of Exemption – for those authorities where the higher of gross income or expenditure was £25,000 or less, who meet the qualifying criteria and wish to declare themselves exempt from a review by the external auditor.
- Part 3 – Annual Governance and Accountability Return – to be completed by all authorities who do not meet the exemption criteria and who therefore require a limited assurance review by the external auditor.

The Accounting Statements and Governance Statement questions remain virtually unchanged from previous years.

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There are a number of ways to access and complete the relevant AGAR form:

- by downloading it as directed by the audit firm in the instruction letter and printing it off;
- by post, **if an authority has already requested this**; or
- electronically, an electronic version that can be completed on a PC but which will then need to be printed-off, physically signed and returned to the auditor.

The external auditor will provide authorities with instructions for completion.

It is important that either a Certificate of Exemption or an Annual Governance and Accountability Return are completed and returned to the external auditor by the advised deadline otherwise the authority will incur charges for reminder letters.

Completed copies of the AGAR and any Certificate of Exemption both need to be published on a website which is publicly accessible free of charge. Only Parish Meetings are not required to use a website for publication, but they still need to publish or display the documents in a public place.

### Further help and advice

The main responsibilities of SAAA are the appointment and monitoring of auditors, not the provision of advice on completion of the annual return.

Questions, enquiries and advice on the completion of the AGAR forms and exemption criteria should therefore be directed to the relevant sector membership organisation:

- your local County Association of Local Councils (CALC) [www.nalc.gov.uk/about-county-associations](http://www.nalc.gov.uk/about-county-associations);
- Society of Local Council Clerks Advisory Service [www.slcc.co.uk](http://www.slcc.co.uk); or
- Association of Drainage Authorities [www.ada.org.uk](http://www.ada.org.uk)

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