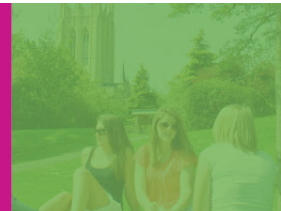


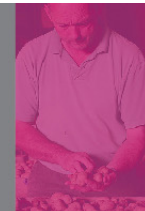
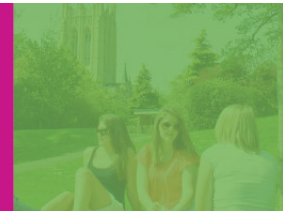
Audit Briefing

Suffolk Association of Local Councils



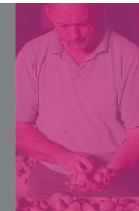
Appointed Auditor from 2017-2018

- New audit arrangements set out under the Local Audit and Accountability Act 2014
- Changes are applicable from the year starting 1st April 2017
- Authorities are opted into the Smaller Authorities Audit Appointments sector led arrangements by default.
- Auditors have been appointed for a 5 year period
- Auditor for Suffolk is PKF Littlejohn LLP



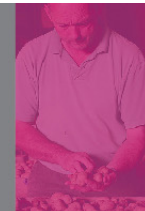
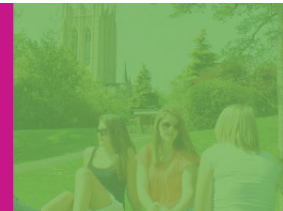
Scales of Fees

- Fees for smaller authorities are based on bands of annual income or expenditure, whichever is the higher.
- The next slide sets out the scales for those smaller authorities that complete the Annual Return fully and accurately within the required timescales and provide the necessary supporting information and any explanations sought.



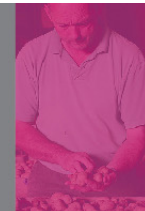
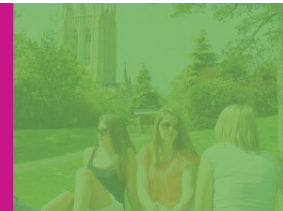
Scale of fees from 2017-18 to 2021-22

Income/expenditure band £	Fee for limited assurance review
0 – 25,000	£200 * <i>see next slide</i>
25,001 – 50,000	£200
50,001 – 100,000	£300
100,001 – 200,000	£400
200,001 – 300,000	£600
300,001 – 400,000	£800
400,001 – 500,000	£1,000
500,001 – 750,000	£1,300
750,001 – 1,000,000	£1,600
1,000,001 – 2,000,000	£2,000
2,000,001 – 3,000,000	£2,400
3,000,001 – 4,000,000	£2,800
4,000,001 – 5,000,000	£3,200
5,000,001 – 6,500,000	£3,600



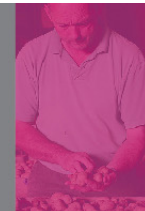
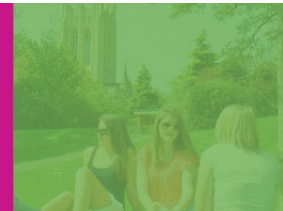
Exempt Authority?

- An authority with neither income nor expenditure exceeding £25,000 will have the right to certify that it is an exempt authority and in normal circumstances no fee will be payable.
- It is possible that some of these below £25k pa will need an external audit if their accounts from previous years have received a qualified audit.



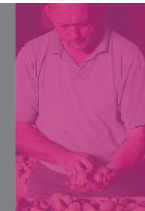
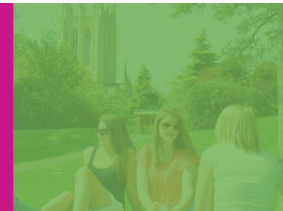
Certification of 'exempt' status

- Only at the end of the 2017 -18 financial year i.e. after 31st March 2018 can an authority certify itself as 'exempt'.
- If the authority can confirm that the higher of its annual gross income and expenditure does not exceed £25,000 then it will be obliged to complete and sign a Certificate of Exemption which will need to be sent to its appointed external auditor.



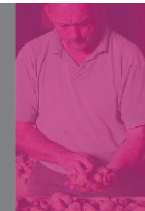
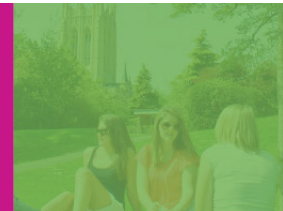
So do I need an audit if exempt?

- 'Except for' = qualification = YES
- 'Other matters' - not a qualification = NO
- Schedule 7 recommendations = possible qualification dependent on actions taken by smaller authority = MAYBE
- Public interest report = YES



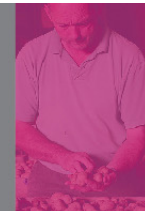
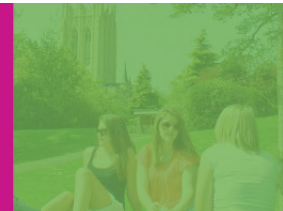
If 'exempt' do we need.....

- Even if a smaller authority is certified as 'exempt', an external auditor will still need to be appointed in case an interested party wishes to raised an objection to an item of account.
- SALC recommends that the cost of an external audit is budgeted for in your annual budgets.
- The appointed auditor will only be able to consider objections relating to the 2017-18 year of accounts.



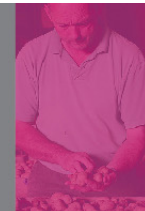
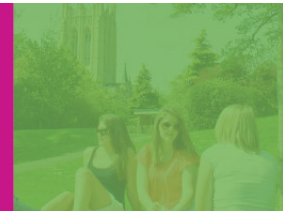
Annual Return

- All smaller authorities will need to complete an Annual Return.
- Currently there are moves to produce an electronic version of the annual return which can be downloaded and completed electronically for 2017-18. This will need to be printed off and signed.
- Future communications, in line with government strategy will be by e-mail.



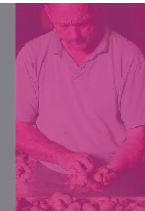
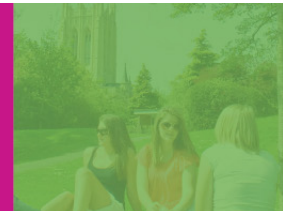
Do we need to publish an annual return?

- All authorities will need to comply with the statutory Transparency Code relevant to its income/expenditure:
- For smaller authorities that are exempt - Transparency Code for Smaller Authorities (December 2014)
- For smaller authorities with income between £25,000 and £200,000 – recommended guidance is to follow the Local Government Transparency Code (February 2015).
- For smaller authorities with income or expenditure over £200,000 – the Local Government Transparency Code (February 2015) applies.



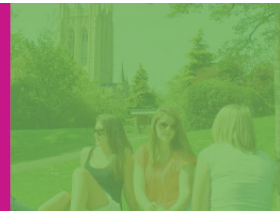
Overview of limited assurance regime

- Under the limited assurance regime, external auditors undertake a limited regime of specified procedures to give a report that provides limited, as opposed to reasonable assurance, about the accounting statements.
- This review does not constitute an audit under the audit Regulations 2013.
- There are 3 types of review: inactive, basic and intermediate.



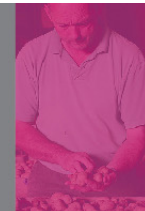
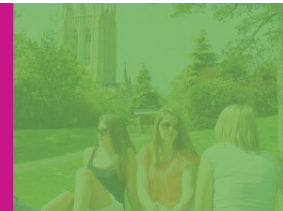
Reviews

- **Inactive** – those smaller authorities that are financially inactive will still need to complete and submit a declaration that the body had no transactions in the year.



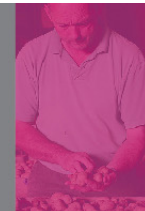
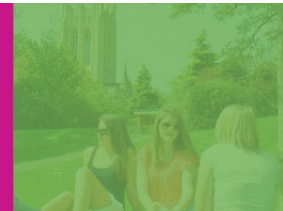
Reviews

- **Basic** – need to provide:
- completed and signed annual return
- bank reconciliation(s)
- reconciliation between Box 7 and Box 8 of the annual return (if prepared on an income and expenditure basis)
- internal auditor report (if referred to) & an explanation for changes in the declaration in respect of trust funds if there is a change from the previous year.



Reviews continued.....

- **Intermediate** - smaller authorities with income or expenditure over £200,000 (but less than £6.5m per annum) must provide, in addition to the items listed under **Basic** review, specific additional documentation.
- These bodies will need to prepare and produce accounts on an income and expenditure basis and will also need to provide a reconciliation between boxes 7 and 8.
- **5% Selection** - in addition, a random 5% sample of bodies subject to basic review procedures will be selected for intermediate testing



Legislation for reference:

- Local Audit and Accountability Act 2014
- Accounts and Audit Regulations 2015
- Local Audit (Smaller Authorities) Regulations 2015
- ‘Governance and Accountability for Smaller Authorities in England – A Practitioners’ Guide to Proper Practices’ 2017 - Sections 1 to 3; Guidance in Practitioners’ Guide Sections 4 and 5
- Smaller Bodies Transparency Code 2014
- Local Government Transparency Code 2015

