

THURSTON PARISH COUNCIL

Parish Council Office

New Green Avenue

Thurston IP31 3TG

Tel: 01359 232854

e-mail: info@thurstonparishcouncil.gov.uk

website: <http://thurston.suffolk.cloud>



To review external auditor appointment arrangements – paper submitted to full Council – 07.09.22

Agenda Item 8a) – Communication received from the Smaller Authorities' Audit Appointments (SAAA)

Financial Regulations: Council's Financial Regulations Section 2 provides details on ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL) for further reference.

External Audit: Under the Local Audit (Smaller Authorities) Regulations 2015, the SAAA is responsible for appointing external auditors to all applicable opted-in smaller authorities, for setting the terms of appointment for limited assurance reviews and for managing the contracts with the appointed audit firms. Smaller authorities are those whose gross annual income or expenditure is less than £6.5 million.

Council is advised that: The next 5-year appointing period runs from 2022-23 until 2026-27 and SAAA has undertaken a procurement exercise to appoint auditors to each County area from 1 April 2022. Now that the submission deadline for the 2021-22 Annual Governance and Accountability Returns has passed, we have been advised that we are now in the period of being able to consider the option to opt-out of the next round of 5-year audit appointment.

All authorities are required to appoint an external auditor. During the previous 5-year period all smaller authorities were 'opted-in' to the central procurement regime managed by SAAA - no authority decided to 'opt-out' and follow the various complex procedures required under statute to appoint their own external auditor. See *Appendix attached for the process*.

We have now received communication to advise that whilst all smaller authorities are opted into the central procurement of external auditors by default, any authorities who do not wish to be part of the SAAA arrangements must formally notify SAAA that they wish to opt out within 8 weeks of this communication but no later than 28 October 2022; this decision must be communicated to SAAA via e mail to admin@saaa.co.uk.

If we wish to continue as part of the SAAA sector led auditor appointment regime then no action is required, we will remain part of central scheme.

Fees for 2022-23 to 2026-27; The following fees have been determined by SAAA following consultation for the Audit Years 2022-23 to 2026-27. The Scales of fees for smaller authorities are based on bands of annual income or expenditure, whichever is the higher. This means that the fees are broadly proportionate to the public funds involved and the ability of each authority to pay.

Income/Expenditure Band (£)	Fee for Limited Assurance Review (£)
100,001 - 200,000	420
200,001 - 300,000	630
300,001 - 400,000	840
400,001 - 500,000	1,050
500,001 - 600,000	1,365

Proposal:

1. Council agrees to be regarded as opted-in for the next five-year period beginning on 1 April 2022 and ending on 31 March 2027.
2. If Council agrees the proposal under Item 1, it notes that there is no further requirement to appoint an appropriate external auditor as Council will come under the central procurement and appointment scheme.

Appendix – OPTING-OUT

Opting out is a significant decision which requires careful consideration; to assist authorities considering opting out further guidance has been developed to clarify what opting out means in practice. This detailed information can be found at www.saaa.co.uk

An authority that wishes to opt out must formally reach and record that decision in a way that meets the requirements of its own governance framework, by convening a full council meeting or an extraordinary council meeting.

Key implications are:

- an opted-out authority regardless of size (including exempt authorities) MUST appoint an appropriate external auditor;
- the appointed auditor must be a registered auditor as defined by the Companies Act and a member of Institute of Chartered Accountants (England and Wales).
- an opted-out authority must convene an appropriate independent auditor panel which meets the requirements of the Local Audit and Accountability Act 2014 (LAAA). Detailed guidance on auditor panels is available in Schedule 4 of the LAAA Act and from CIPFA;
- an opted-out authority will need to develop its own specification for its external audit contract, will need to negotiate the price for this work on an individual basis and will need to manage the contract, including any disputes, and any independence issues that may arise;
- an opted-out authority must ensure full compliance with the relevant requirements of the Local Audit and Accountability Act and supporting Regulations;
- any opted-out authority that does not successfully appoint an appropriate external auditor in the correct manner and notify SAAA who their external auditor is by 30 November 2022 will have an external auditor appointed for it by the Secretary of State through SAAA. This will result in additional costs of £300 which will have to be met by the authority.