

# Instructions relating to the Annual Governance and Accountability Return (AGAR) for the year ending 31 March 2020

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## 1. Key dates

<b>Key dates for the 2019/20 reporting season</b>	
<p><b>Submission deadline</b> Deadline by which <b>either</b> a completed &amp; approved AGAR and all applicable supporting documents <b>or</b> an Exemption Certificate must be submitted to us. Please submit all documentation to us <b>via email wherever possible</b> to <a href="mailto:sba@pkf-littlejohn.com">sba@pkf-littlejohn.com</a>.</p> <p>If you do not have access to email please submit the documents by post to:</p> <p>SBA Team PKF Littlejohn LLP 15 Westferry Circus* Canary Wharf London E14 4HD</p> <p>* Please note we have moved office but remain within the same street and postcode.</p> <p>Please use <b>EITHER EMAIL OR POST BUT NOT BOTH</b> as multiple submissions unnecessarily delay the processing of information.</p> <p><b>If you are submitting documents by post:</b></p> <ul style="list-style-type: none"> <li>• <b>Please take a copy of all documents submitted;</b></li> <li>• <b>It will not be possible to return any original documents submitted for review;</b></li> <li>• <b>Please ensure the correct postage is applied to avoid delays in receipt.</b></li> </ul>	<p><b>Friday 31 July 2020</b> <b>(except parish meetings)</b> <b>OR</b> <b>Tuesday 1</b> <b>September 2020</b> <b>(PARISH MEETINGS ONLY as they are not legally entitled to meet virtually)</b></p> <p>Smaller authorities are encouraged to keep to the regular timetable where possible and practical under the current restricted circumstances by making use of the ability to hold virtual meetings but please do <a href="mailto:sba@pkf-littlejohn.com">email</a> us to arrange an extension if needed. <b>See section 14 for more about submission dates.</b></p>
<p><b>Statutory common period – This requirement has been removed for the 2019/20 reporting year.</b> (Previously it was a requirement to include the first 10 working days of July in the smaller authority's period for the exercise of public rights – for all authorities, both exempt and subject to our review).</p>	<p><b>NONE</b></p>
<p><b>Suggested period for the exercise of public rights. These are our suggested dates to encourage authorities to report as far as is possible and practical in accordance with the regular timetable; however, each smaller authority must set dates it is able to achieve:</b></p> <ul style="list-style-type: none"> <li>• If the date of the meeting at which your AGAR is to be approved falls during this period your smaller authority will need to select a 30-day period that commences <b>after the date of your meeting.</b></li> <li>• If the date of the meeting at which your AGAR is to be approved falls on or after <b>Tuesday 1 September</b> your smaller authority will have breached the new legislative requirements introduced as a result of Covid-19. See section 10 of these instructions for the reporting implications for Section 3 of the AGAR.</li> </ul>	<p><b>Monday 15 June to Friday 24 July 2020</b></p>
<p>For those authorities subject to a review <b>only</b>, the statutory deadline by which the AGAR Part 3 &amp; signed external auditor report must be published by the smaller authority (this includes publishing on the smaller authority's website).</p> <p>NB: The <i>Notice of Conclusion of Audit</i>, which will be emailed to non-exempt authorities at the end of the review process along with our External Auditor Report and Certificate, must be published at the same time.</p> <p><b>Exempt authorities: There is no signed external auditor report or other closure documentation issued by the external auditor for authorities claiming exemption from the limited assurance regime.</b></p>	<p><b>Monday 30 November 2020</b></p>

## 2. Introduction

[Smaller Authorities' Audit Appointments Ltd](#) (SAAA) was formally appointed in January 2016 as the 'person specified to appoint local auditors' under powers set out in Regulation 3 of the [Local Audit \(Smaller Authorities\) Regulations 2015](#) to perform the functions set out in legislation for smaller authorities.

Following the resulting tender process, PKF Littlejohn LLP was appointed to all relevant smaller authorities (i.e. local councils, including town council and parish councils, and parish meetings) in 36 contract areas for 5 years from 2017/18, as well as all internal drainage boards (IDBs) and 'other' smaller authorities (e.g. charter trustees, port health authorities, etc) in England.

The contract areas serviced by PKF Littlejohn LLP are Avon, Berkshire, Buckinghamshire, Cambridgeshire, Cheshire, Cornwall, Cumbria, Derbyshire, Devon, Dorset, East Sussex, Essex, Gloucestershire, Hampshire & the Isle of Wight, Herefordshire, Hertfordshire, Humberside & East Riding of Yorkshire, Kent, Lancashire, Greater Manchester & Merseyside, Leicestershire, Lincolnshire, London, Norfolk, North Yorkshire, Northamptonshire, Northumberland & Tyne & Wear, Nottinghamshire, Shropshire, Somerset, South Yorkshire, Suffolk, Surrey, Warwickshire & West Midlands, West Yorkshire, Wiltshire and Worcestershire.

No smaller authorities opted out of the tender process.

### 3. Annual Governance and Accountability Return (AGAR) Part 1, 2 or 3

There are 6 types of Annual Governance and Accountability Return (AGAR), those being Parts 1, 2 and 3 for all smaller authorities excluding Parish Meetings and Parts 1PM, 2PM and 3PM for Parish Meetings only.

**SAAA and the Joint Panel on Accountability and Governance (JPAG) do not intend to issue updated AGAR forms so the forms do not refer to the new legislative changes but SAAA has issued a one-page [addendum](#) to be read in conjunction with the forms which highlights the changes and new deadlines.**

**For Parish Meeting specific instructions see section 5.**

- [AGAR Part 1](#): to be completed and published by **exempt authorities excluding parish meetings with no accounts**.
- [AGAR Part 2](#): to be completed, approved and published by **exempt authorities excluding parish meetings with financial transactions during the year**.
- [AGAR Part 3](#): to be completed, approved and published by **all smaller authorities excluding parish meetings subject to a limited assurance review**.

**Parish meeting forms – see section 5:**

- [AGAR Part 1PM](#): to be completed and published by **exempt parish meetings with no accounts**.
- [AGAR Part 2PM](#): to be completed, approved and published by **exempt parish meetings with financial transactions during the year**.
- [AGAR Part 3PM](#): to be completed, approved and published by **all parish meetings subject to a limited assurance review**.

Each smaller authority is required by law:

- to prepare Accounting Statements for the year ended 31 March 2020 in the form required by proper practices using the relevant AGAR from the list above;
- to approve and publish the AGAR including the Accounting Statements, as described in section 7 of these instructions;
- to provide for the exercise of public rights, as described in section 10 of these instructions; and
- to publish the AGAR, including the signed external auditor report, by 30 September 2020 where a limited assurance review has been carried out.

Your first step is to decide which AGAR your smaller authority should complete from the list shown above. To assist you, we have provided a [Decision Tree](#) which will help ensure that you complete the correct AGAR and send us the correct information. Please **do not complete more than one AGAR form**, since only one can be relevant to your smaller authority (see the decision tree provided on this [page](#) for more guidance).

Where the AGAR Parts 2, 2PM, 3 or 3PM apply, you must arrange for your independent internal auditor to complete the annual internal audit report and you must complete and approve Sections 1 and 2 in the order explained in section 7 of these instructions and then submit, **preferably by email only**, the relevant documents (**either** the exemption certificate on page 3 of AGAR Part 2, **or** the AGAR Part 3 plus the associated documentation required for our review) to us by **Friday 31 July 2020 (except parish meetings) or Tuesday 1 September 2020 (PARISH MEETINGS ONLY as they are not legally entitled to meet virtually)** so that we may discharge our responsibilities as appointed auditors under the [Local Audit and Accountability Act 2014](#) (the Act). **You must contact us as soon as possible if you are unable to meet this submission deadline. Please see section 14 of these instructions for details of the additional charges that we will render if we have to issue chaser letters for lack of response in accordance with submission deadlines. Please also see section 14 for changes in respect of how submission deadlines will be administered from 2019/20.**

## Signing and submitting the AGAR forms

The changes in legislation have been made in order to help smaller authorities in the performance of their duties as a result of the restrictions of movement and limitations on social contact necessary to limit the spread of the virus. We are not aware of any changes in the requirement for wet signatures on the AGAR. Our understanding is that wet signatures need to be added to the AGAR in the same order as previous years and that the AGAR will need to be passed between the relevant individuals for signature. Where individuals are self-isolating it is hoped that local assistance will be available to facilitate this. **It is important to note that if smaller authorities are able to keep to the regular reporting timetable as much as is possible and practical by making use of their ability to hold virtual meetings, they are very much encouraged to do so. We will do our best in order to ensure we play our part in enabling that to happen.**

### Guidance

Guidance on completion is contained within the relevant AGAR. For further guidance, please refer to '*Governance and Accountability for Smaller Authorities in England*'. The [2019](#) and [2020](#) Practitioners' Guides are available on our website. Whilst the 2019 guide was in force for 2019/20, early adoption of the 2020 Guide is permitted. The Practitioners' Guide is jointly published by ADA, NALC and SLCC and is available free of charge via each website, [www.ada.org.uk](http://www.ada.org.uk), [www.nalc.gov.uk](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk).

A link to the Practitioners' Guide is included in the Limited Assurance Regime pages of our website which can be found using this link, <https://www.pkf-littlejohn.com/services-limited-assurance-procedures>, or by searching for 'Limited Assurance Regime' from our [home page](#). Included in these pages you will find other useful information, for example:

- electronically enabled and printable 'paper' PDF versions of the [AGAR forms](#) (either version is acceptable in colour or black & white)
- annual [precept information](#) for 2019/20 for smaller authorities within our Contract Areas – please refer to this when completing Box 2 for local councils and charter trustees
- [PWLB](#) loan balances as at 31 March 2020 – please refer to the Year End Values for England -Minor Authorities for 31 March 2020 using the link on this page when completing Box 10
- [fee scales](#) set by SAAA
- copies of the [pro forma templates](#) referred to in these instructions

SAAA have also prepared a useful flowchart to summarise the AGAR process. There is one for [parish meetings](#) and one for all other [smaller authorities](#).

It should not be necessary for you to contact us directly for additional guidance. SAAA have asked us to refer practitioners (both members and non-members) to the relevant membership organisations with any queries about completing the AGAR forms. Please contact either your [local county association](#); the [Society of Local Council Clerks](#); or the [Association of Drainage Authorities](#).

#### 4. Completion of the electronically enabled AGAR forms

Please note that the electronically enabled AGAR forms have been designed by SAAA to be opened and completed in **Adobe Acrobat Reader** only – this is a free programme which can be downloaded [here](#). The forms will not work in other PDF reader programmes.

Completion tips:

- General: **Electronic signatures are not permitted. As explained in section 3 above there are no changes in this respect as a result of Covid-19;**
- General: The printable 'paper' PDF versions are not designed to be completed electronically but simply to be printed off and completed by hand. If you are having issues whilst using the free software, please check that you have downloaded the correct version of AGAR from our [website](#).
- General: If you are unable to delete a tick that has been made in error, please use the commands 'Edit' then 'Undo' or in the case of incorrect dates selected right click and 'cut';
- General: We are aware that although SAAA have designed the electronic version of the forms to only accept the format DD/MM/YYYY, the white 'guidance' type indicates the shorter format should be used. Please use the longer format or click in the box and use the pop up calendar that appears when you click on the grey bar on the right of the box;
- Annual Internal Audit Report:
  - **Where there are limitations on the work the internal auditor is able to perform as a result of Covid-19 we ask that the internal auditor completes the Annual Internal Audit Report in the usual way highlighting any areas not covered in accordance with the guidance on the form. We also ask that the internal auditor provides more details as to what they have and have not been able to do in a covering note or report.**
  - Internal control objective 'L' was prefilled for 2018/19 but is now active for 2019/20 onwards. **Internal auditors are now required to conclude on whether the public rights provisions during the previous summer were compliant with the Regulations.**
  - Internal control objective 'K' was new for 2018/19 and required internal auditors to conclude on whether the exemption criteria were met in relation to the prior year AGAR; it should be answered 'Not covered' if the authority was **not** an exempt authority in 2018/19. **This was widely misunderstood and incorrectly completed for the 2018/19 reporting season.**
  - For parish meetings only: internal control objective 'G' has been intentionally omitted from AGAR Part 2PM and 3PM on the basis it relates to salaries and is hence not applicable for parish meetings.

## 5. Parish Meetings only – new forms

As set out in section 3 of these instructions, Parish Meetings use AGAR forms specifically designed to take account of matters relevant to Parish Meetings **ONLY**. **SAAA and the Joint Panel on Accountability and Governance (JPAG) do not intend to issue updated AGAR forms so the forms do not refer to the new legislative changes but SAAA has issued a one-page [addendum](#) to be read in conjunction with the forms which highlights the changes and new deadlines.**

The forms are available from our [webpage](#), the page also includes other specific information for parish meetings.

- [AGAR Part 1PM](#): to be completed and published by **exempt parish meetings with no accounts**.
- [AGAR Part 2PM](#): to be completed, approved and published by **exempt parish meetings with financial transactions during the year**.
- [AGAR Part 3PM](#): to be completed, approved and published by **all parish meetings subject to a limited assurance review**.

### Differences between parish meeting and other smaller authority requirements

The Ministry for Housing, Communities and Local Government (MHCLG) has issued two new Statutory Instruments (SI) in Spring 2020 as a result of Covid-19: one in respect of permitting virtual meetings and one in respect of revisions to the reporting timetable for the 2019/20 financial year, see section 7 for details. **It is important to note that the legislation permitting virtual meetings does not extend to parish meetings, hence as things currently stand parish meetings are still expected to hold physical meetings. We are not able to accept AGAR forms or exemption certificates that have been signed during the lockdown period as meetings should not have been allowed to take place. Please could we therefore ask that you complete as much of the preparation as you are able to while the lockdown restrictions are in place, so that you are ready to arrange your meeting for when the restrictions on gatherings are lifted. You will have until 31 August to hold your meeting in order to comply with the legislation. We have set a later submission deadline of 1 September 2020 FOR PARISH MEETINGS ONLY to accommodate the additional challenges faced as a result of not being entitled to hold virtual meetings. As always, if you can submit your documentation prior to this we would be very grateful.**

### AGAR Parts 2PM and 3PM

- There is no requirement for responses in respect of trust funds on the parish meeting AGAR forms.
- Annual Internal Audit Report: internal control objective 'G' has been intentionally omitted from AGAR Part 2PM and 3PM on the basis it relates to salaries and is hence not applicable for parish meetings.

### Signing of the AGAR

- **Electronic signatures are not permitted. As explained in sections 3 and 4 above there are no changes in this respect as a result of Covid-19;**
- The signature boxes have been updated to reflect a signature is required by the Chair alone for parish meetings.

**Please note** for parish meetings with no chair: The supplier audit firms, via the National Audit Office, have received legal advice which indicates that it is not lawful for monitoring officers of the precepting authority to sign off the relevant AGAR forms for parish meetings with no elected Chair. If these instructions are being read by a monitoring officer in such a situation, please [contact us](#) to discuss the next step. Where possible, please attempt to make contact with a member of the parish meeting to enable the parish meeting to comply with its statutory requirements.

- A parish meeting is required to meet annually between 1 March and 1 June (parish meetings only); however, the AGAR forms must be approved after the financial year end of 31 March 2020, there is therefore a mismatch between the requirements of the legislation. Hence, if the only scheduled meeting for your parish meeting is in March 2020, a second meeting must be convened in order to approve the AGAR after the year end and before the new statutory deadline of 31 August 2020.

### Publication of information on the smaller authority's website

- Parish meetings with a website: Parish meetings with websites must follow the publication rules for all other smaller authorities.

- Parish meetings without a website: Where a parish meeting does not have a website the publication requirements are slightly relaxed. In these circumstances, section 2(5b(ii)) of the [Accounts and Audit Regulations 2015](#) applies, which states that “*Any reference in these Regulations to publication on an authority’s website must be construed as displaying the information in question in a conspicuous place in the area of the authority for at least 14 days.*”

## 6. Ongoing issues from the 2017/18 major changes

There were major changes to the requirements for smaller authorities for the 2017/18 reporting season that caused a significant amount of confusion for many smaller authorities. The main change that came in related to those smaller authorities who are eligible to exempt themselves from the requirement to have a review.

**All smaller authorities (including those claiming exemption)** are required to complete and approve an Annual Governance and Accountability Return (AGAR) and provide for public rights. **Authorities wishing to claim exemption** from our review must meet a number of specified criteria. Provided those criteria are satisfied, all they need to [submit \(preferably by email only\)](#) to us, as the appointed auditor, is a copy of their exemption certificate after the smaller authority has made that decision.

There is further useful information contained within the training webinar information available on our [website](#). The slides from the detailed webinar that went through the changes brought in for the 2017/18 financial year are still available; also available are the update webinar recorded for 2018/19 financial year and the recently recorded 2019/20 webinar.

We set out below further clarification in respect of the exemption rules and **Appendix 2** highlights common misunderstandings in this area.

### Exemption criteria

The criteria for claiming exemption are set out in [section 9 of the Local Audit \(Smaller Authorities\) Regulations 2015](#) and require that, in order to certify itself as exempt, the following conditions are met:

- total gross income\* **and** total gross expenditure below £25k; **and**
- no public interest report/statutory recommendation/advisory notice/judicial review/application to court re unlawful item of account issued by its external auditor\*\* in the prior year; **and**
- the relevant financial year is not one of the first three years of the authority's existence, hence if claiming exemption for 2019/20 that means the authority has been in existence since 1 April 2016.

\* Please note that total gross income includes **all** income received during the year, e.g. precept or rates & levies, grants, loans, community infrastructure levy (CIL), VAT refunds, donations, fees & charges, etc.

\*\* Please note that where the external auditor has only raised 'except for' or 'other' matters in the External Auditor Report and Certificate for 2018/19 this **does not** preclude a smaller authority from certifying itself exempt from our review.

**Please note: Where information comes to our attention in future periods that a smaller authority did not meet the exemption criteria for a year where it was claimed as it had either income and/or expenditure in excess of £25,000, a public interest report will be issued using our powers in the year the breach was discovered.**

### Signing and approval of the exemption certificate

The exemption certificate included within the AGAR Part 2 and AGAR Part 2PM must be **signed after a resolution** by the authority that it meets the criteria for 2019/20 and wishes to be an exempt authority, not subject to our limited assurance review, for that year.

**In a change to prior years you must now also include the minute reference and the date the decision was made.**

The **exemption certificate must be published**, including on the authority's website, before **1 September 2020** and a copy of the certificate should be **emailed to us** by that date.

## 7. Signing and approval of the AGAR Parts 2 and 3

Following the introduction of the [Accounts and Audit Regulations 2015](#) (the Regulations); the changes that occurred in 2015/16 remain in force. In response to the Coronavirus pandemic the Ministry for Housing, Communities and Local Government (MHCLG) has issued two new Statutory Instruments (SI) in Spring 2020:

- [SI 2020/392 The Local Authorities and Police and Crime Panels \(Coronavirus\) \(Flexibility of Local Authority and Police and Crime Panel Meetings\) \(England and Wales\) Regulations 2020](#) This SI will give local authorities greater flexibility in the conduct of meetings, including allowing members to attend remotely, and for public and press access to those meetings. **Parish meetings are not covered by this change. We are seeking clarification as to the expectations for parish meetings and will update the relevant authorities as soon as we are able.** This SI was issued on 2 April and is effective from 4 April 2020.
- [SI 2020/404 The Accounts and Audit \(Coronavirus\) \(Amendment\) Regulations 2020](#) This SI amends the deadline by which the Annual Governance Statement and Statement of Accounts of the Annual Governance and Accountability Return (AGAR) together with any certificate or opinion issued by the local auditor must be published from 30 September 2020 to 30 November 2020. Previously there was a requirement for all smaller authorities to have a common period for the exercise of public rights, being the first 10 working days of July. **Under the new regulations there is no requirement for a common period for the exercise of public rights.** Smaller authorities are still required to set a period for this purpose, but the only requirement is that **the 30 working day period for the exercise of public rights should start on or before the first working day of September, i.e. on or before 1 September 2020.** This SI was issued on 7 April and is effective from 30 April 2020.

The smaller authority must carry out a review of the effectiveness of the system of internal control and prepare the Annual Governance Statement (Section 1 of the AGAR Parts 2 & 3). At the approval meeting, following the review, the smaller authority must:

- consider the findings of the review by the members meeting as a whole; and
- approve the Annual Governance Statement by resolution **in advance** of approving the Accounting Statements.

The Annual Governance Statement **must** be approved prior to the Accounting Statements, either at separate meetings or in the same meeting but with the correct order of business on the agenda and **this must be evidenced by the meeting minute references and/or dates. This change to the requirements in 2015/16 is still not being carried out correctly by many smaller authorities hence it continues to give rise to 'except for' matters being raised, please refer to the detail provided for guidance.**

The responsible financial officer (RFO) must sign and date 'Section 2 - Accounting statements 2019/20' of the AGAR Part 2 or 3, whichever is relevant to your smaller authority, **before** it is presented to the smaller authority. At the approval meeting, the smaller authority must, **in the following order**:

- consider the Accounting Statements by the members meeting as a whole;
- approve the Accounting Statements by resolution; and
- ensure the Accounting Statements are signed and dated by the person presiding at the meeting at which that approval is given.

**For parish meetings please also see section 5 of these instructions.**

## 8. AGAR Part 3, Section 3 – the external auditor report and certificate

The [National Audit Office](#) (NAO) issues the auditor guidance that we are required to follow when carrying out our limited assurance review, [Auditor Guidance Note 2](#) (AGN02). The 2016/17 revisions to AGN02 affected the way we reported in our external auditor report for the first time in 2016/17 and remain in force. The impact for our reporting is that in that any errors on the AGAR or digressions from 'proper practice', as dictated by the [Practitioners' Guide](#) and the guidance notes on the AGAR, **are now reported as 'except for' matters.**

This current practice means that circumstances giving rise to 'other' matters are now rare and smaller authorities are therefore most likely to have either qualified reports or no matters raised at all. **Please ensure that care is taken to review the completed AGAR and supporting documentation closely before submission, to avoid an 'except for' matter being raised in Section 3 of the AGAR Part 3.**

Please also see the common errors we encounter set out in **Appendix 1** to these instructions.

### Publication of the Notice of closure

Most smaller authorities will have a specific area of their website for the AGAR and accounts related items and keep that information on their websites ad infinitum. There is however no timescale specified in the statute and regulations for the length of time for which the Notice must be published and no requirement for it to be publicly accessible for 5 years like there is for the AGAR and our report and certificate. It is worth noting that the 'old' rules were to publish the Notice for 14 days but it is up to the smaller authority to make this decision.

## 9. Annual internal audit report

Although the Regulations do not specify a date by which the annual internal audit report (AIAR) must be completed, the review of effectiveness of the system of internal control by the smaller authority and the completion and approval of the Annual Governance Statement will both need to consider the system of internal audit that has been in place **during the year under review**. Thus, the smaller authority will need to consider the internal audit work performed and internal audit arrangements in place between 1 April 2019 and 31 March 2020 **before** confirming compliance with assertions 2 and 6.

Many queries have been raised with us in relation to the timing of internal audit. It is best practice to have the internal audit visit and report (AIAR) completed before approving the Annual Governance Statement (AGS) (i.e. Section 1 of AGAR Part 2 or 3), **but it is not a statutory requirement** (the AGAR guidance note says 'should' not 'must'). If the date of the AIAR is after the date of the AGS, then we will simply look at last year's AIAR date to ensure that it occurred between 1 April 2019 and 31 March 2020, thereby providing evidence that there was internal audit provision **during** the year (as specified in the wording of assertion 6).

Please note that, although the AIAR does not form part of the AGAR **and is not covered by our limited assurance opinion**, the Joint Panel on Accountability and Governance (JPAG) requires that the AIAR is included in the list of documents to be submitted (**preferably by email only**) to the external auditor for their review of an AGAR Part 3.

As already stated in section 4 of these instructions, please also note:

- **Where there are limitations on the work the internal auditor is able to perform as a result of Covid-19 we ask that the internal auditor completes the Annual Internal Audit Report in the usual way highlighting any areas not covered in accordance with the guidance on the form. We also ask that the internal auditor provides more details as to what they have and have not been able to do in a covering note or report.**
- Internal control objective 'L' was prefilled for 2018/19 but is now active for 2019/20 onwards. Internal auditors are required to conclude on whether the public rights provisions during the previous summer were compliant with the Regulations.
- Internal control objective 'K' was new for 2018/19 and requires internal auditors to conclude on whether the exemption criteria were met in relation to the prior year AGAR; it should be answered 'Not covered' if the authority was **not** an exempt authority in 2018/19. **This was widely misunderstood and incorrectly completed for the 2018/19 reporting season.**
- For parish meetings only: internal control objective 'G' has been intentionally omitted from AGAR Part 2PM and 3PM on the basis it relates to salaries and is hence not applicable for parish meetings.

## 10. Public rights

If your smaller authority had financial transactions in the year, you **must** make arrangements for the exercise of public rights **irrespective of whether your authority is claiming exemption from a review**. You are asked to give a public assurance in assertion 4 of 'Section 1 – Annual governance statement' of the AGAR Part 2 or 3, whichever is relevant to your smaller authority, that you have done this in accordance with statutory requirements, please note that this assurance refers to the arrangements **during** 2019/20, i.e. in relation to the 2018/19 Annual Governance and Accountability Return. Please see **Appendix 4** where we have set out common errors in respect of providing for public rights.

The statutory requirements for 2019/20 have been amended by the issue of Statutory Instrument 2020/404 <http://www.legislation.gov.uk/ukSI/2020/404/contents/made> are as follows:

- The smaller authority itself must inform the electorate of a single period of 30-working days during which public rights may be exercised, by publishing the relevant Notice **and** Sections 1 & 2 of the approved AGAR **at least the day before** the period for public rights commences. The relevant Notice means the *Notice of Public Rights & Publication of Unaudited Annual Governance & Accountability Return* for those subject to our review or *Notice of Public Rights & Publication of Annual Governance & Accountability Return (Exempt Authority)* for exempt authorities. For this purpose, publishing means inclusion **on the website**. Publication on a notice board is not mandated but is good practice;
- **The 30-working day inspection period must commence on or before 1 September 2020**. There is no requirement for a 10-day common period for the 2019/20 reporting year as a result of the new legislation.

### Setting the period for the exercise of public rights

As in previous years, to assist you in this process, we have provided pro forma template notices (for [exempt authorities](#) and for those [authorities subject to our review](#); as well as the equivalent documents for [parish meetings](#)) with a suggested inspection period. The period we have suggested is between **Monday 15 June and Friday 24 July 2020**. **These are our suggested dates to encourage authorities to report as far as is possible and practical in accordance with the regular timetable under the current restricted circumstances; however, each smaller authority must set dates it is able to achieve**. If you are submitting an AGAR Part 3 and these dates are not appropriate for your smaller authority, please notify us of the dates you have chosen when submitting your documentation for review.

If the period chosen does not comply with the statutory requirements above we must report as such. **Please note that if an 'other matter' was raised on the external auditor report for 2018/19 regarding the period for the exercise of public rights during 2019, the smaller authority must answer 'No' to Assertion 4 of the 2019/20 Annual Governance Statement**. If an incorrect 'Yes' answer is given by a smaller authority subject to a limited assurance review, we will have to raise this as an 'except for' matter or qualification of our opinion on the 2019/20 AGAR Part 3.

To further assist you, we also provide guidance for electors and other interested parties entitled '*Local authority accounts: a summary of your rights*' to explain provisions 25, 26 and 27 of the Local Audit and Accountability Act 2014 which **must** be published (including on the smaller authority's website) alongside the notice of public rights. We have also included a summary of the guidance (for exempt authorities and for those authorities subject to our review) on what you need to do to advertise the period for the exercise of public rights.

### Notifying us of the period for the exercise of public rights (only for those authorities subject to review)

Whilst it is the responsibility of the smaller authority to set the period for the exercise of public rights, when submitting your AGAR Part 3 and associated documentation, you **must** either confirm to us that the suggested dates have been adopted or inform us of the alternative dates selected. We have therefore also provided a [pro forma](#) for you to complete and submit (**preferably by email only**) to us to enable you to meet this requirement of the Regulations.

## 11. Annual Governance Statement assertions

Please review the wording of all the assertions in Section 1, the Annual Governance Statement, and refer to the [Practitioners' Guide](#), which states exactly what a 'Yes' response means in line with proper practice, prior to confirming compliance.

Those assertions that state 'during the year' may refer to arrangements in respect of the 2018/19 Annual Governance and Accountability Return. **Please therefore ensure that any matters raised on the external auditor report in the prior year are considered and, where appropriate, reflected in the 'Yes' or 'No' responses provided.**

**Please note: Where the authority has answered 'No' to any assertions on Section 1, as stated on the face of Section 1 of the AGAR a sufficiently detailed explanation of the reasons must be:**

- provided to us when submitting the AGAR; AND
- published with the AGAR.

## 12. Documentation to be submitted with the AGAR Part 3

If your smaller authority is **subject to a limited assurance review this year**, please **only submit (preferably by email)** the documents listed below. Links to all the pro forma templates can be found [here](#). Please **ensure that all documents are labelled with the smaller authority's name** and, for local councils and parish meetings, the county area as well:

- a fully completed and approved AGAR Part 3. **REMINDER: Section 1 must be approved before Section 2 either at separate meetings or as separate agenda items in the correct order**; and
- the completed form confirming the dates planned for the provision for the exercise of public rights (please note that if the dates provided do not meet the requirements of the Regulations, an 'other' matter to this effect will be raised in the external auditor report and, depending on the circumstances, next year's AGAR, i.e. the year ended 2020/21, may be qualified); and
- a **bank reconciliation** showing how the cash balance in Box 8 is arrived at (we have provided an example and a pro forma bank reconciliation for your information). [NB: some 'other' smaller authorities may not have their own bank accounts, in which case a letter from the Section 151 officer of the lead authority stating the amount of cash held on behalf of the smaller authority is required in lieu of a bank reconciliation]; and
- a **full explanation, with figures, of any 'significant' variances** between the current and prior Accounting Statements and a **full explanation, with figures for any 'high' levels of reserves** held (we have provided a pro forma for your information which shows which variances require an explanation and explains what is meant by 'significant' and 'high'). The 2019 Practitioners' Guide includes guidance in paragraphs 5.32 and 5.33 in respect of reserves. ; and
- for those smaller authorities preparing accounts on an income and expenditure basis\* only, a **reconciliation between Boxes 7 and 8 of Section 1 of the AGAR** (we have provided a pro forma for your information); and
- the **annual internal audit report (AIAR)** – this is the single page form included within the AGAR Part 3; and
- **where the internal auditor has referred to a separate report**, on the annual internal audit report, a copy of that report **especially where limitations as a result of Covid-19 restrictions have been described**; and
- **where the authority has answered 'No' to any assertions** on Section 1, a detailed explanation of the reasons (**NB: these must also be published with the AGAR**); and
- any **further information we have requested** (see section 13 of these instructions for additional information **for intermediate level procedures**); and
- **for IDBs only**: a copy of the **Section 48 notice, together with a reconciliation** and explanations from the notice to the amount stated in Section 2, Box 2 of the AGAR if these two figures are not the same (**for those smaller authorities that are internal drainage boards only**); and
- **if your declaration in respect of trust funds has changed** from the prior year, please include an explanation for us when submitting your return (**local councils (i.e. parish & town councils) only**)

\* Current rules require smaller authorities where the gross income or expenditure for the year (whichever is the higher) has exceeded the threshold of £200,000 for a period of three continuous years, to report their financial details on an income and expenditure basis, from the third year onwards. The receipts and payments basis (i.e. cash accounting basis) may only be used by smaller authorities consistently below this threshold.

**It is important that you only [send](#) us the information that we have requested.** Any information received that has not been requested will not be reviewed.

Please note that the [pro forma templates](#) are provided for your information and convenience – we do not require the information to be provided on the pro formas if the same information can more conveniently be provided in a different format.

**REMINDER: Submission deadline is Friday 31 July 2020 (except parish meetings) or Tuesday 1 September 2020 (PARISH MEETINGS ONLY as they are not legally entitled to meet virtually).**

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### 13. Intermediate level review procedures

a) If **either your total gross income or expenditure is greater than £200,000** then your smaller authority automatically meets the requirements for an intermediate level review (i.e. you will not have received an additional email informing you of the fact that you must provide the additional information for intermediate review).

b) External auditors are also required to select a **random sample each year of up to 5%** of smaller authorities, who would otherwise be subject to basic level review procedures, for intermediate level review procedures. In addition, we have discretion to select an additional sample on a risk-based approach. If your smaller authority is selected for intermediate level procedures as part of either of these samples, you will have been informed via a separate email. Please note your authority will **not** be charged an additional fee for the additional work we undertake. **NB: if an exempt authority is chosen as part of the random sample, it will NOT be subject to either a basic or intermediate review once it has submitted its exemption certificate.**

**IMPORTANT: If your smaller authority has been identified as requiring intermediate level review procedures as a result of the criteria in either a) or b) above, you must send the following information (preferably by email only), in addition to the basic level review information listed in section 12 of these instructions:**

- a copy of the relevant minutes, agenda papers and any related reports from 2019/20 to support the setting of the budget for the subsequent financial year; and
- if the 2018/19 external auditor report included any 'except for' matters, copies of minutes and any agreed plan showing the corrective action taken to address these matters.

This is the wording in relation to the assertion from the Practitioners' Guide:

Assertion 8: Significant events

**We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.**

To warrant a positive response to this assertion, the authority needs to have taken the following actions where necessary:

1.39. **Significant events.** The authority needs to have considered if any events that occurred during the financial year (or after the year-end), have consequences, or potential consequences, on the authority's finances. If any such events are identified, the authority then needs to determine whether the financial consequences need to be reflected in the statement of accounts.

1.40. Supporting information on significant events can be found in Section 5.

The Annual Governance Statement assertions indicate the various governance arrangements that cannot be delegated away from the whole authority, i.e. the members collectively approve the responses based on the supporting papers and discussion for each assertion.

**REMINDER: The default submission deadline is Friday 31 July 2020 (except parish meetings), Tuesday 1 September 2020 (PARISH MEETINGS ONLY as they are not legally entitled to meet virtually)**

#### 14. Fees (including changes for 2019/20)

Your fee for the work undertaken by us as your external auditor is determined by the [scale of fees](#) for smaller authorities set by SAAA for the five years from 2017/18.

An administration charge of £40, plus VAT, will be incurred for issuing chaser letters for outstanding or incomplete information.

Where we have to issue statutory recommendations or public interest reports in respect of a failure to provide an AGAR, each of these attract the standard fee for a limited assurance review, based on the income and expenditure bandings for the last known previous year, i.e. a minimum of £200 plus VAT for each.

#### Non-responders – fees and consequences

##### Submission deadlines

Every year we encounter significant difficulties with authorities failing to submit their documentation by the submission deadline. The default submission deadline for the receipt of the approved AGAR and supporting documentation or the Certificate of Exemption (as appropriate) is **Friday 31 July 2020 (except parish meetings) or Tuesday 1 September 2020 (PARISH MEETINGS ONLY as they are not legally entitled to meet virtually)**. Non-submission will lead to chargeable chaser letters being issued (£40 plus VAT for all financially active smaller authorities). See also **Appendix 3** for examples of the impact on fees for non-responders.

If the smaller authority is not able to meet the default submission deadline, please contact us to arrange an extension to the deadline (subject to below) to avoid incurring the administrative charges.

##### Changes for 2019/20

It is important to note that in a change to prior years:

- no submission deadlines will be granted beyond Friday 13 November;
- it will only be possible to extend submission deadlines by a maximum of 4 weeks at a time providing sufficient justification explaining the need for the extension is given;
- a statutory recommendation will be issued to all financially active non-responding authorities that fail to submit their documents by Friday 13 November. Statutory recommendations for non-response are charged at the standard fee rate depending on the authority's expenditure banding and hence give rise to a minimum additional fee of £200 plus VAT. **IMPORTANT: If a financially active smaller authority is issued with a statutory recommendation (and/or a public interest report) for 2019/20 it will not be able to claim exemption from a limited assurance review for 2020/21, regardless of whether it meets all other criteria.**

Is the smaller authority able to submit either their signed AGAR and supporting documents or exemption certificate by the specified submission date?



Please complete all documentation and submit to us (**preferably by email**) by the specified submission date.



Contact us at [sba@pkf-littlejohn.com](mailto:sba@pkf-littlejohn.com) to arrange an alternative submission date (subject to the conditions set out above)

## **15. Electronic communication**

As stated throughout these instructions, our preferred form of communication with all smaller authorities is email. Internet communications are however capable of data corruption and therefore we do not accept any responsibility for changes and corruptions made to such communications after their despatch. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending sensitive information relating to the smaller authority are borne by you.

If you do not agree to accept this risk, you should notify us in writing that email is not an acceptable means of communication. Although we take steps to prevent viruses affecting emails and attachments sent by us, it is your responsibility, as the recipient, to carry out a virus check on any attachments received.

## 16. Quality of service

If you wish to comment on the service we have provided there is a [satisfaction survey](#) available on our website for where you can leave feedback about your experience. The questions in the survey assume you are providing feedback after your review has been concluded or once you have notified us of your claim for exemption.

We welcome comments on our service delivery and would ask that, in the first instance, you raise any issues regarding our service with the Manager, via the [sba@pkf-littlejohn.com](mailto:sba@pkf-littlejohn.com) email address. Where the Manager has been unable to resolve any issues to your satisfaction, or you do not consider it appropriate to raise the issue with the Manager, please let us know by addressing your concerns to the Contact Partner also via [sba@pkf-littlejohn.com](mailto:sba@pkf-littlejohn.com); the Contact Partner has ultimate responsibility for our SAAA appointments. If you do not consider it appropriate to raise the issue with the Contact Partner, please refer the matter to the Firm's Managing Partner, Dominic Roberts, via [dominicroberts@pkf-littlejohn.com](mailto:dominicroberts@pkf-littlejohn.com).

We undertake to investigate any complaint carefully and promptly and to do all we can to explain the position to you. If we have given you a less than satisfactory service, we undertake to do everything reasonable to put it right. If you consider that we have not dealt adequately with your complaint, you may refer the matter to [SAAA](#); however, before doing so please review the relevant [guidance](#) on the SAAA website to ensure SAAA has the authority to deal with the nature of the matters you wish to raise. You may also refer the matter to the Institute of Chartered Accountants in England and Wales, which has the power to investigate complaints against its members.

## 17. Independence

It is an important part of the process that we are independent and are seen to be independent of the smaller authority. We have put in place procedures which are designed to ensure that this is the case but if you or any of your Members believe that there is a conflict of interest which prevents us being independent, we should be grateful if you would advise us by email to [sba@pkf-littlejohn.com](mailto:sba@pkf-littlejohn.com).

## 18. Final checklist

We look forward to [receiving](#) either the 2019/20 exemption certificate for your smaller authority (only) or the AGAR Part 3 and the additional information we have requested by **Friday 31 July 2020 (except parish meetings) Tuesday 1 September 2020 (PARISH MEETINGS ONLY)**. As previously mentioned, please contact us to arrange a later submission date if this is not achievable but please try as much as is practical and possible to work to the regular deadlines.

Please submit all documentation by **email only** wherever possible to prevent unnecessary delays in dealing with multiple submissions. If email is not possible please refer to section 1 of these instructions for our postal address. **PLEASE DO NOT POST US COPIES OF INFORMATION THAT YOU HAVE ALREADY EMAILED TO US.** Also, please note that it will not be possible to return any original documents submitted.

Please ensure that you do the following:

- refer to our [Decision Tree](#) to ensure you have completed the correct AGAR form;
- include the **smaller authority's name and county area** (for local councils and parish meetings) on all documents submitted;
- read the appendices to these instructions which set our common errors and general misunderstandings we encounter regularly;
- **keep a copy** of everything that you send us for your records;
- complete and return the **contact details** form, to enable us to keep our records up to date. **This is especially important this year if there are any contact personnel changes arising from the local elections.** (Please note that it is helpful for every smaller authority to have its own email address so that contact is not completely lost when there is a change of personnel of which we are not informed; and
- use the **correct postage** when sending anything in the post, e.g. a 'large' letter (larger than A5 or thicker than 5mm) requires additional postage in the form of a 'large letter' stamp. Failure to apply the correct **postage** may result in a delay in us receiving your completed AGAR and therefore our subsequent review.

### What you can expect from us

- You should receive an automated 'do not reply' acknowledgement email when your AGAR has been logged onto our database (there may be a delay between receipt and processing on the database during peak times);
- Authorities claiming exemption will be reminded in that automated 'do not reply' acknowledgement email that their notification of exemption means there will be no certificate issued by us for that reporting year;
- Where an AGAR Part 3 is submitted for review, we may need to contact you for further explanations and/or information as we carry out our review. If no further information is required, we will email you again when our work is complete.

## APPENDIX 1 - Common errors made by smaller authorities - general

### Most common issues 2018/19:

Issue	Auditor comments
1. Some smaller authorities are not considering our prior year reporting issues when completing the AGAR, both in terms of amendments required to figures and repeat of approval errors for example	Where there are matters that have an ongoing effect we are required to raise 'except for' or 'other' matters in the current year.
2. Assertion 4 not ticked 'No' as advised to in our prior year report due to public rights period not having been compliant with Regulations.	This generates a common except for matter that is avoidable if the instructions in our prior year report are followed.
3. Public rights period not being compliant with Regulations (submission date changes do not impact on the requirement to comply)	Please see <b>Appendix 4</b> .
4. Staff costs are commonly misclassified between Boxes 4 and 6.	The Practitioners' Guide for 2020 includes additional guidance for the 2020/21 reporting year in this respect in paragraph 2.16. early adoption is encouraged but <b>please remember to update comparatives whenever the change is made</b> .
5. We are still finding some self-employed clerks.	Authorities <b>MUST</b> be registered as employers with HMRC by law.
6. Narrative <u>AND</u> numerical explanations of variances are often not submitted. There is also a lack of correlation of movements in Boxes 3/6/9 re asset additions and disposals.	This is the most common reason we have to contact clerks during review process so that they avoid reporting matters being raised.
7. Intermediate documents are frequently not submitted with the AGAR	All authorities over £200k and a selection of 5% of those below are subject to an intermediate review each year. In 2018/19 we had our poorest response from intermediate authorities where almost all failed to send the required documentation despite no change to the instructions.
8. Comparatives not being restated when there is a change in either policy or presentation.	This commonly applies to asset revaluations or a change in accounting basis between receipts & payments and income & expenditure.
9. Cancelled cheques/refunds of expenditure being incorrectly included as income.	The impact of reporting these as income is to artificially inflate the income and expenditure of the authority. These should be written back against Box 4/5/6 as appropriate even if the 'refund' falls into the following accounting period.
10. VAT debtors being incorrectly recognised in Box 3 for authorities on a receipts and payments basis.	These often arise as bank reconciliation and Box 7-8 reconciliation errors. Where an authority accounts on a receipts and payments basis it should only account for the VAT receipt when it is physically received.
11. Incorrect reconciling items between Boxes 7 and 8 – e.g. loans/deferred income;	A number of loans have been highlighted in this way. This reconciliation applies to authorities using the income and expenditure basis only and should reconcile this basis with the cash position as shown in Box 8.
12. Trust fund disclosure responses not accurate (all sections).	This area of the form is generally poorly answered, guidance is provided on the form.

<b>Issue</b>	<b>Auditor comments</b>
13. Incorrect omission of items when calculating total income and expenditure for exemption certificate, e.g. loans received/grants received and spent in year/non-precept income/expenditure from reserves;	As set out in section 6, where smaller authorities claim exemption but we discover in a subsequent reporting year that the authority was not eligible to do so as their income and/or expenditure for the relevant year exceeded £25,000, a public interest report will be issued. We issued 5 public interest reports using our 2018/19 powers in respect of exemptions wrongfully claimed for 2017/18.
14. AIAR: Internal control objective K was incorrectly completed for a large number of authorities.	Internal control objective K asks the internal auditor to confirm that where the authority claimed exemption from the requirement to have a limited assurance review for the prior year, that it met the eligibility criteria that entitled it to do so.
15. Change of clerk/email address not notified to us.	The consequences of us not having the correct contact information on our system are huge. If we are not provided with the correct contact details the instructions will be issued to the wrong person which can result in chaser letters being sent and charges incurred. Whilst all information is available on our website, often this makes no difference as incoming clerks do not always refer to it. It is also common for former clerks to not pass on any correspondence that comes to them and the issue can be left undiscovered, for months. Please can we ask that authorities use the contact details forms on our website (or email us separately) to help us maintain the accuracy of our contact database.

## APPENDIX 2 – Common misunderstandings over the rules for claiming exemption

Below are some common misunderstandings in respect of the exemptions from the requirement to have a limited assurance review that we have experienced since the new legislation was introduced for the 2017/18 reporting season.

Misunderstanding	Clarification
<p>Some smaller authorities were under the impression it was the auditor who decided which authorities were exempt and which were not. This resulted in some authorities who could have claimed exemption not doing so and in turn incurring a standard fee of £200 plus VAT.</p>	<p>All smaller authorities are subject to a limited assurance review each financial year unless they claim exemption from the regime.</p> <p>It is the smaller authority's responsibility firstly, to ascertain whether it meets the eligibility criteria (see above), secondly, to complete and publish the relevant AGAR (i.e. either Part 1 or 2) and, lastly, to notify their appointed auditor that they have claimed exemption.</p>
<p>Some smaller authorities in the under £25,000 income and expenditure band did not realise if they did not exempt themselves that there was a standard fee of £200 plus VAT applicable for the review performed.</p>	<p>Since 2017/18 all limited assurance reviews are subject to a standard charge, even those for authorities in the under £25,000 fee band.</p> <p>The standard fees for the reviews performed are published on the SAAA website <a href="#">here</a>.</p>
<p>Some smaller authorities claiming exemption did not realise they needed to notify the appointed auditor that they had claimed exemption, resulting in the auditor issuing chasing letters for which there is a standard fee of £40 plus VAT.</p>	<p>All smaller authorities need to communicate with their appointed auditors by the submission deadline for every reporting year, either to notify them of their claim for exemption or to submit (<b>preferably by email only</b>) the completed AGAR Part 3 and supporting documentation for review.</p> <p>Failure to report to the appointed auditor by the submission deadline will result in chaser letters being issued and the SAAA charges being applied.</p> <p>Even authorities claiming exemption will be subject to letter charges if they have not notified their appointed auditor by the submission deadline.</p> <p>Details of charges are on the SAAA website <a href="#">here</a>.</p> <p><b>Please see section 14 in respect of changes to the process for administering submission deadlines.</b></p>
<p>Some smaller authorities thought if their External Auditor Report and Certificate for the prior year had any points raised as 'except for' matters or 'other matters' that they were not eligible to claim exemption.</p>	<p>An 'except for' matter or an 'other matter' raised in the prior year report has no impact on a smaller authorities ability to claim exemption. The only reports issued by the appointed auditor to a smaller authority that prevent a claim for exemption are those issued in respect of the prior year as listed below:</p> <ul style="list-style-type: none"> <li>• public interest report;</li> <li>• statutory recommendation;</li> <li>• advisory notice;</li> <li>• judicial review; or</li> <li>• application to court re unlawful item of account.</li> </ul>
<p>Many smaller authorities claiming exemption complained to us and SAAA about not receiving their External Auditor Report and Certificate.</p>	<p>Once a smaller authority has claimed exemption from a limited assurance review and notified the appointed auditor, there is no External Auditor Report and Certificate to issue. The receipt of the notification of exemption marks the end of the process for that reporting year.</p> <p>Please note that whilst the smaller authority can exempt itself from having to have a review, the appointed auditor is still obliged to receive and act upon challenges raised by local</p>

<b>Misunderstanding</b>	<b>Clarification</b>
	electors in respect of exempt authorities in the same way as it is for non-exempt authorities (see also section 10).
One claim for exemption means the smaller authority has no need to communicate with the appointed auditor again.	<p>Claims for exemption can only be made after 31 March of each relevant reporting year considering:</p> <ul style="list-style-type: none"> <li>• the smaller authority's level of financial activity for that year;</li> <li>• <u>and</u></li> <li>• any statutory reports issued in respect of the prior year.</li> </ul>
Some smaller authorities were being advised that if they had failed to publish the necessary documentation in respect of providing for the exercise of public rights on their website that they could not claim exemption.	The criteria for claiming exemption (set out earlier in this section) is not related to whether or not the smaller authority has correctly provided for the exercise of public rights.

### APPENDIX 3 - Fee implications for non-responders using submission date 1 September 2020

We have set out below a few scenarios showing the impact on the fees and charges for a non-responding smaller authority.

#### A. Complete lack of response:

Timing	Action	Consequence
1 September 2020	Smaller authority fails to submit an AGAR or exemption certificate	<ul style="list-style-type: none"> <li>Smaller authority identified as a non-responding authority</li> </ul>
14 September 2020	Still no response – auditor issues chaser 1 letter	<ul style="list-style-type: none"> <li>Fee of £40+VAT charged</li> </ul>
5 October 2020	Still no response – auditor issues first formal chaser	<ul style="list-style-type: none"> <li>Second fee of £40+VAT charged</li> </ul>
26 October 2020	Still no response – auditor issues statutory recommendation for non-response	<ul style="list-style-type: none"> <li>Standard fee in accordance with the <u>prior year's</u> income/expenditure banding, (minimum of £200+VAT) charged on top of 2 chaser fees.</li> <li>Smaller authority <u>will not be able to claim exemption from a limited assurance review for 2020/21</u> regardless of whether it meets all other criteria.</li> </ul>
7 December 2020	Still no response – auditor issues public interest report	<ul style="list-style-type: none"> <li>Standard fee charged in accordance with the <u>prior year's</u> income/expenditure banding (minimum £200+VAT)</li> </ul>

**Please note:** If after receiving the public interest report the smaller authority subsequently submits an AGAR Part 3/3PM and documentation for review, a further standard charge will be made in accordance with the income/expenditure bandings.

#### B. Smaller authority submits AGAR Part 3/3PM for review after being chased for information

Timing	Action	Consequence
1 September 2020	Smaller authority fails to submit an AGAR or exemption certificate	<ul style="list-style-type: none"> <li>Smaller authority identified as a non-responding authority</li> </ul>
14 September 2020	Still no response – auditor issues chaser 1 letter	<ul style="list-style-type: none"> <li>Fee of £40+VAT charged</li> </ul>
5 October 2020	Still no response – auditor issues first formal chaser	<ul style="list-style-type: none"> <li>Second fee of £40+VAT charged</li> </ul>
26 October 2020	Still no response – auditor issues statutory recommendation for non-response	<ul style="list-style-type: none"> <li>Standard fee in accordance with the <u>prior year's</u> income/expenditure banding, (minimum of £200+VAT) charged on top of 2 chaser fees.</li> <li>Smaller authority <u>will not be able to claim exemption from a limited assurance review for 2020/21</u> regardless of whether it meets all other criteria.</li> </ul>
30 October 2020	Auditor receives completed AGAR Part 3 and supporting documentation for review.	<ul style="list-style-type: none"> <li>On conclusion of the review a standard fee is charged in accordance with the income/expenditure banding (minimum £200+VAT)</li> <li>Any fees for additional work are charged at the rates published on the <a href="#">SAAA website</a></li> </ul>

### C. Smaller authority claims exemption after being chased for information

Timing	Action	Consequence
1 September 2020	Smaller authority fails to submit an AGAR or exemption certificate	<ul style="list-style-type: none"> <li>Smaller authority identified as a non-responding authority</li> </ul>
14 September 2020	Auditor issues chaser 1 letter	<ul style="list-style-type: none"> <li>Fee of £40+VAT charged</li> </ul>
5 October 2020	Auditor issues first formal chaser	<ul style="list-style-type: none"> <li>Second fee of £40+VAT charged</li> </ul>
10 October 2020	Auditor received exemption certificate from smaller authority	<ul style="list-style-type: none"> <li>The smaller authority must settle the £80+VAT charges in respect of 2 chaser letters issued.</li> <li>The review year is closed.</li> <li>There are no certificates or other closure documents issued for exempt authorities.</li> </ul>

### D. Smaller authority agrees revised submission deadlines throughout the season but fails to submit their documents by 13 November

Timing	Action	Consequence
1 September 2020	Smaller authority fails to submit an AGAR or exemption certificate but contacts us to agree revised submission dates of 21 September	<ul style="list-style-type: none"> <li>Smaller authority classified as a non-responding authority with documentation noted as not yet due</li> </ul>
14 September 2020	None	<ul style="list-style-type: none"> <li>No chaser letter issued as revised submission date not passed</li> <li>Smaller authority avoids incurring administrative costs of £40+VAT</li> </ul>
21 September 2020	Smaller authority fails to meet revised submission deadline	<ul style="list-style-type: none"> <li>Smaller authority identified as a non-responding authority with documentation <b>overdue</b></li> </ul>
22 September 2020	Auditor issues chaser 1 letter	<ul style="list-style-type: none"> <li>Fee of £40+VAT charged</li> </ul>
23 September 2020	Smaller authority contacts us to request a later submission deadline of 20 October	<ul style="list-style-type: none"> <li>None</li> </ul>
20 October 2020	Smaller authority contacts us to request a later submission deadline of 28 October	<ul style="list-style-type: none"> <li>None</li> </ul>
27 October 2020	Smaller authority contacts us to request a later submission deadline of 13 November	<ul style="list-style-type: none"> <li>None</li> </ul>
13 November 2020	Smaller authority still fails to submit an AGAR or exemption certificate	<ul style="list-style-type: none"> <li>None</li> </ul>
16 November 2020	No first formal chaser letter is issued <b>BUT</b> a statutory recommendation issued for non-response as the smaller authority is 2.5 months late in submitting its documents	<ul style="list-style-type: none"> <li>Standard fee in accordance with the <u>prior year's</u> income/expenditure banding, (minimum of £200+VAT) charged on top of any chaser fees.</li> <li>Smaller authority <u>will not be able to claim exemption from a limited assurance review for 2020/21</u> regardless of whether it meets all other criteria.</li> </ul>
Smaller authority either then submits the required documentation for review, claims exemption or receives a public interest report as above		Consequences as set out in examples 1-3

## APPENDIX 4 – Common errors in respect of public rights dates

Issue	Implication for external auditor report in the current year
<p>1. General confusion about which year the AGS Assertion 4 is referring. For example, for AGS Assertion 4 in the 2019/20 AGAR requires a response in respect of the year from 1 April 2019 to 31 March 2020, hence the period provided for the exercise of public rights in respect of the prior year AGAR.</p>	<p>See below.</p>
<p>2. Public rights period does not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as either:</p> <ol style="list-style-type: none"> <li>it is less than 30 working days in length;</li> <li>it does not include the first 10 working days of July (<b><u>this has been removed as a requirement for 2019/20 as a result of Covid-19</u></b>);</li> <li>it starts either before or on the day of approval of Section 2; or</li> <li>the Notice has not been advertised with the approved AGAR on a website before the start of the period (posting on a noticeboard alone is not sufficient).</li> </ol> <p>The rules are still widely misunderstood. These errors apply not only to those subject to review but also to those certifying themselves as exempt.</p>	<p>‘Other matter’ raised for those authorities subject to review instructing them to respond ‘no’ to Assertion 4 in the AGS for the following year.</p> <p>No reporting consequences for those certifying themselves as exempt as we do not issue a report.</p>
<p>3. Failure to publish the approved AGAR and the explanatory notes on the website as well as the Notice at least the day before the PR period starts.</p>	<p>‘Other matter’ raised instructing the authority to respond ‘no’ to Assertion 4 in the AGS for the following year.</p>
<p>4. AGS Assertion 4 response is ‘yes’ but prior year external auditor report included other matter highlighting period for the exercise of public rights did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 and authority instructed to respond ‘no’.</p>	<p>‘Except for’ matter raised in respect of Assertions 4 and 7.</p>
<p>5. Failure to notify the external auditor of the period for the exercise of public rights.</p>	<p>We cannot sign off until after the period for the exercise of public rights has expired so if we do not know the dates we cannot sign off.</p> <p>PIR will be issued if no dates notified.</p>
<p>6. Use of the wrong template Notice</p> <ol style="list-style-type: none"> <li>use of the Notice for exempt authorities by non-exempt authorities; or</li> <li>use of the Notice for authorities subject to review by exempt authorities.</li> </ol>	<p>‘Other matter’ raised for those subject to review instructing the authority to respond ‘no’ to Assertion 4 in the AGS for the following year.</p> <p>No reporting consequences for those certifying themselves as exempt as we do not issue a report.</p>