

Frequently Asked Questions – updated April 2020

1. When will we receive our **hard copy AGAR forms** and instruction pack in the post?

There are no hard copy AGAR forms provided by SAAA. If you live in an area with poor broad band and are struggling to print off the AGAR forms, please email us and we will print a batch and post them to you.

2. The **hyperlinks in the instruction email** are not working, why is this?

Last year we became aware that a small number of email spam filters corrupted the hyperlinks in our emails on receipt – please go to our website where all the year end information can be found: <https://www.pkf-littlejohn.com/services-limited-assurance-regime-useful-documents-and-links>

3. **What is the address** for submitting our documentation to you?

All documentation should be emailed to us at sba@pkf-littlejohn.com We have also provided a printable address label if you prefer to use the post: https://www.pkf-littlejohn.com/sites/default/files/23_address_label.pdf. If you have emailed us the documentation, PLEASE DO NOT SEND A DUPLICATE SUBMISSION IN THE POST.

4. If we are completing AGAR Part 2 and **submitting an exemption certificate** to you, when **should we send our other documents** to you?

If you are certifying your smaller authority as exempt from our review, please ONLY submit a copy of the exemption certificate and confirmation of your contact details.

5. Our district council has **paid the first instalment of our 2020/21 precept to us during March** and we prepare our accounts on a receipts and payments (cash) basis, what should we do?

This type of early payment of the first instalment of the following year's precept happens every year in a few district councils around the country and is something that we are used to seeing reflected in local councils' accounting statements and supporting documentation. If you prepare your council's accounts on a receipts and payments (i.e. cash) basis, then you must account for the extra precept receipt in 2019/20, since that was when it was received. Any adjustments to the income figures and the bank reconciliation to 'remove' the early payment from the accounting statements are not in compliance with proper practices (and would therefore lead to a qualification of our opinion). We are aware of a number of district councils that have paid the first 2020/21 precept instalment early – and so we will be expecting to see this reflected in the explanation of variances for those councils working on an R&P basis. If you prepare your accounts on an income and expenditure (i.e. accruals) basis, then you simply need to treat the receipt as income received in advance on the Box 7 to 8 reconciliation along with the usual creditor-type items.

6. Can an electronically enabled **AGAR form be completed by hand**?

Yes, all forms can be completed by hand or electronically. Any AGAR forms completed electronically will need to be printed before being signed, and then should be scanned in for publishing and submitting to us as appropriate.

7. How do I know whether we have been chosen for **intermediate review as part of the random sample**?

An additional email is sent to all smaller authorities who were chosen in the week commencing 20 April 2020. If you have not received an email (and have both gross income and expenditure below £200k) then you are not subject to intermediate review this year. NB: additional emails are not sent to authorities who have income and expenditure over £200k, since they are automatically required to have an intermediate review

8. We are an **exempt authority but have been selected for intermediate review**, what documents should we submit?

Please ONLY submit a copy of the exemption certificate and confirmation of your contact details. As per the 5% sample email, being selected does not stop you being eligible to certify yourselves as exempt from our review. You are therefore exempt from an intermediate review rather than a basic review.

9. Our **council does not have a website**, can we put the information on a noticeboard as in previous years?

Unfortunately only parish meetings are exempt from the requirement to publish their AGAR etc on a website. (Many small parish councils 'piggyback' on their district council/local association websites.) This has been a statutory requirement for the past 4 years, so please ensure that you declare your council's prior year non-compliance by answering 'No' to Assertion 4 of the Annual Governance Statement.

10. Has the **internal audit timing** requirement changed?

There has been no change. 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 1/4/19 and 31/3/20, thereby providing evidence that there was internal audit provision DURING the year (as specified in the wording of assertion 6).

11. It is not fair that you are forcing councils to **pay for expensive software packages** in order to complete the AGAR forms online, why have you done this?

SAAA (and not the audit firms) designed the forms specifically for use with the free Adobe Reader package. There should be no need for you to pay any charges. Please see our instructions which include a link to the package. If you need us to print out copies and post them to you, then please let us know.

12. What are the **new internal audit control objectives** on the AIAR about?

- Internal control objective 'K' was new last year and requires internal auditors to conclude on whether the exemption criteria were met in relation to the 2017/18 AGAR (i.e. the previous year); it should be answered 'Not covered' if the authority was not an exempt authority in 2017/18.
- Internal control objective 'L' was prefilled for 2018/19 and has become active for the 2019/20 and subsequent years, when internal auditors will be required to conclude on whether the public rights provision during the previous summer was compliant with the Regulations.

13. **Why are there 2 sets of AGAR forms**, should I use AGAR Part 2 or AGAR Part 2PM?

Last year SAAA introduced separate forms for parish meetings that have no parish council. You should only use AGAR Part 2PM if your authority is a parish meeting.

14. We have received additional grant funding this year that means **our income and therefore review fee is much higher than normal, do we have to pay the invoice since it is a one-off?**

Yes, the invoices are generated for each individual year dependent on the income and expenditure banding for that year, if your income and expenditure return to their 'usual' level in future years, so will the fee for our review.

Frequently asked questions as a result of the coronavirus legislation changes

1. Due to social distancing our **internal auditor is self-isolating/unable to conduct a visit**. What shall we do?

We are aware of a number of smaller authorities who have arranged for the internal audit to be conducted remotely/electronically. This may be one option. We appreciate that there may be areas that the internal auditor is unable to cover in this way and therefore we would suggest they mark the relevant objective on the AIAR as 'Not covered' and provide an explanation regarding the limitations experienced. Alternatively, if you are able to arrange a later date for the internal audit you could subsequently request an extension to the submission date to allow time for this to take place and the completed AGAR to be sent to us.

The parish council can approve the accounts and complete Sections 1 and 2 of the AGAR prior to the completion of an internal audit. However, the Council should consider its response to Assertion 6 depending on the circumstances surrounding the internal audit procedures and the date of the last visit. If the date of the AIAR is after the date of approval of Section 1, we would look back at 2018/19 AGAR to confirm the date of the AIAR for that year was during the year ended 31 March 2020 i.e. evidence of an internal audit during the year. Please see the response to Question 10 above.

2. Why has the **submission deadline been set as 31 July 2020** when legislation has set the deadline as 31 August 2020?

Whilst the legislation has extended the deadline to allow Smaller Authorities until 31 August to meet to approve their AGAR we are aware that many authorities will be continuing with their current, or similar, timetable as normal and holding virtual meetings. Therefore, we have set an earlier submission deadline of 31 July 2020 to ensure that any Councils who can submit their documents to us do so to allow us to begin the reviews. In fact, the message from the government is that, where possible, councils are being encouraged to approve as early as they are able. As in prior years if any smaller authority wishes to agree a different submission deadline they just need to contact us to make the request, in line with our detailed instructions. Here is an extract from the letter published by the government on 22 April 2020 along with a link to the full document for reference.

'This means that draft accounts must be approved by 31 August 2020 at the latest. However, they may be approved earlier, and we would encourage councils to do so wherever possible, to help manage overall pressure on audit firms towards the end of the year.'

<https://www.gov.uk/government/publications/coronavirus-covid-19-letter-to-councils-about-extending-the-statutory-audit-deadlines-for-2019-to-2020>

3. What does the following extract from the detailed instructions mean? **Can we hold a virtual meeting?**

‘Please note, however, this new legislation does not cover parish meetings so as it stands parish meetings are still required to hold physical meetings. ’ This SI was issued on 2 April and is effective from 4 April 2020.’

This refers to authorities that are parish meetings where there is no parish council, it does not refer to a meeting of a parish council or the parish council’s annual meeting.

We are appointed as auditor to all relevant smaller authorities within 26 contract areas; this comprises local councils (town and parish councils), parish meetings, internal drainage boards and others (e.g. charter trustees, port health authorities, crematorium boards etc.). Authorities that are parish meetings are relevant authorities for the purposes of the limited assurance regime but there are some circumstances where legislative requirements for parish meetings differ from those of other smaller authorities to the extent that SAAA created a whole suite of AGAR forms specifically for parish meetings for the first time last year (2018/19 reporting season). We are appointed to just over 8,800 smaller authorities of which c.1,100 are parish meetings. As was the case for 2018/19 we have a separate page on our website that sets out the instructions and documentation specific to parish meetings where there is no parish council, there is a separate section in our detailed instructions that refers to parish meetings and the Practitioners’ Guide sets out the different rules a parish meeting is required to follow, where relevant.

The legislation introduced as a result of the coronavirus crisis allowing authorities to hold virtual meetings specifies which authorities it covers, please see the extract below, and it does not cover parish meetings, hence parish meetings are not eligible to meet virtually and must therefore wait until restrictions are relaxed before they can meet to approve their AGAR or certify exemption for 2019/20.

If your Smaller Authority is a Council and not a Parish Meeting please disregard any information relating to Parish Meetings as the information relating to them being unable to hold virtual meetings is for them specifically.

‘3. In these Regulations—

“the 1972 Act” means the Local Government Act 1972(1);

“local authority” means—

- (a) a county council;*
- (b) a district council;*
- (c) a London borough council;*
- (d) the Common Council of the City of London;*
- (e) the Greater London Authority;*
- (f) the Council of the Isles of Scilly;*
- (g) a parish council;’*

4. Can the **Annual Governance and accounting statements be signed on separate dates** by the Clerk/RFO and Chairman as we are holding meetings virtually and there will be no way of passing the AGAR between the clerk/RFO and Chairman during the meeting?

The RFO should sign Section 2 when it is prepared and ready for presentation to the Council for approval. All other required signatures should be signed by those that attended the meeting using the date of the meeting.