

Briefing Paper for Westonbirt with Lasborough Parish Council on 17 February 2016

New External Audit Arrangements.

With the dissolution of the Audit Commission on 1 April 2015 a new company – Smaller Authorities' Audit Appointments Ltd (SAAA) – has been created to take over the appointment of external auditors and the setting of audit fees from 2017.

Details are given in the attached paper "The future of External Audit for Smaller Authorities – Update one". The key point made in this paper is that Councils with an annual turnover of less than £6.5 million are automatically part of the SAAA external audit scheme unless they decide to opt out and appoint their own auditors. **The deadline for opting out is 31 March 2016.**

Further details are given in the second attached paper "External Audit for Smaller Authorities".

In that paper, Westonbirt with Lasborough Parish Council would fall into either Group 3 if we remain in the Scheme or Group 4 should the council decide to opt out.

In either case, as the paper explains, very few of these authorities will be required to undergo a limited assurance audit review or to pay any audit fee, and gives the circumstances in which a limited assurance audit review may be necessary. Those are given in Appendix 1 to the paper, as follows:

Clause 9(1)(b) – The Council is not in the first 3 years of its existence and its receipts and payments do not exceed £25,000. It is therefore exempt, subject to none of the circumstances in Clause 9(3) applying.

Clause 9(3) – None of the relevant circumstance listed in this clause have occurred during the past ten annual audits, i.e. all those audit reports that are currently held by the clerk.

It is therefore considered unlikely that Westonbirt with Lasborough Parish Council will be required to undergo a limited assurance audit review and incur an audit fee. In that unlikely event, if the Council decides to remain opted-in to the SAAA scheme this audit fee would be limited to £200.

If the Council were to opt out, it would have to appoint an independent audit panel and undertake the substantial work specified in the paper for "Group 2 Opted-out authorities with income or expenditure exceeding £25k". If it did so, it is doubtful that it would be able to match the fees that the national procurement has negotiated.

It is therefore recommended that Westonbirt with Lasborough Parish Council remain opted in to the SAAA external audit scheme.

John Shepherd

Clerk

Westonbirt with Lasborough Parish Council

Attachments:

Smaller Authorities' Audit Appointments - First Communication jan 15

Smaller Authorities Audit Appointments - 2nd Communication 27 jan 2016