

Parish Clerk

From: admin@saaa.co.uk
Sent: 03 August 2021 16:45
To: clerk@stkeynetrewidlandpc.org.uk
Subject: Appointment of external auditor

St Keyne & Trewidland Parish Council

Dear Clerk,

As a newly established Council which is a “smaller authority” established on or after 1st April 2021, the Council will not currently be included in the central external auditor appointment regime for which Smaller Authorities’ Audit Appointments Ltd is responsible.

Smaller Authorities’ Audit Appointments (SAAA) was formally appointed in January 2016 by the Minister for Local Government at the then Department of Communities and Local Government (DCLG) as “a 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. It is the sector led body for smaller authorities (those under £6.5 million annual turnover) formed by the National Association of Local Councils, Society of Local Council Clerks, and Association of Drainage Authorities.

SAAA undertook a formal procurement process following which it appointed external auditors to all smaller authorities for the 5-year period commencing 1st April 2017, with the audit fees fixed according to published fee scales: www.localaudits.co.uk/fees. Auditors are individually appointed for each authority based on contract areas that broadly equate to county areas. Further information is available on the SAAA website at www.saaa.co.uk.

All authorities were originally given the opportunity to opt-out of the central procurement and appointment regime (although none did), and SAAA is obliged to write to any new authorities to provide the option to opt-out of the central appointment regime and to procure and appoint its own external auditors if you do not wish to be included in the central auditor appointments.

If an authority decides to opt-out of the central regime the authority must follow the prescribed statutory procedures for appointing its own external auditor as set out in the Local Audit and Accountability Act 2014, Part 3. Only audit firms eligible for appointment as a statutory auditor under Part 2 of the Companies Act 2006 can be considered for appointment.

The authority must appoint an audit panel/committee in line with CIPFA guidance on setting up an audit panel. This includes drawing up a specification, advertising, determining the appointment process and recommending to the full council who should be the authority’s “appointed auditor”. In line with best practice, the audit committee/panel should determine what information is required from firms as part of the tendering process, such as financial standing, public audit experience, understanding of the ‘limited assurance’ regime, insurance cover and limits (professional indemnity, public liability, employee liability).

The authority must inform SAAA if it decides to opt-out of the central regime by completing an Appointment of External Auditor Certificate. Opted out authorities will be subject to review to ensure that they have complied with proper procedures with regard to opting out and the appointment of external auditors. If an authority fails to comply with the set procedures, SAAA is obliged to notify the Ministry of

Housing, Communities and Local Government and the Secretary of State will appoint an auditor on the council's behalf and an administration charge will be levied.

If SAAA does not hear from the authority within 8 weeks of the date this communication that it wishes to opt-out then it will assume that you wish to be included in the central appointments regime and the external auditor for your county area will be appointed to the authority. You will then be sent by e-mail a formal 'notification of auditor appointment' letter.

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