

Notification of external auditor appointment for the 2022-23 financial year for the 5-year period until 2026-27

Hythe Town Council, Kent,

Dear Clerk/RFO/Chairman,

Smaller Authorities Audit Appointments (SAAA) is the independent, sector led organisation responsible for the appointment and contract management of external auditors to smaller authorities since the Local Audit and Accountability Act 2014 established new arrangements for the accountability and audit of local public bodies in England. Smaller authorities are those whose gross annual income or expenditure is **less than £6.5 million**.

Under the Local Audit (Smaller Authorities) Regulations 2015, SAAA is responsible for appointing external auditors to all opted-in smaller authorities, for setting the terms of appointment for limited assurance reviews and for managing the contracts with the appointed audit firms.

This communication is to notify you that SAAA has appointed an external auditor to the authority for the 5-year appointing period from 2022-23 until 2026-2, following a procurement exercise to appoint auditors to each contract area from 1 April 2022.

Your current appointed auditor will conclude any outstanding work on the 2021-22 Annual Governance and Accountability Returns and the new appointed auditor (if changed) will be responsible for the arrangements in respect of the 2022-23 AGAR process onwards.

The contact details of your appointed external auditor and fee scales are shown in the appendix to this letter and can also be found on the SAAA website: www.saaa.co.uk.

The audit firms all have previous experience of conducting limited assurance reviews for smaller authorities and have dedicated support personnel. SAAA will monitor the performance of the appointed firms in providing the audit services in terms of quality and compliance with their statutory terms of appointment.

If your authority has any potential conflict of interest relating to the auditor appointment, for instance if a Councillor or close relation is employed by the appointed auditor, you should advise SAAA immediately.

Exempt authorities

Since 2017-18, authorities where the higher of income or expenditure for the financial year was £25,000 or less and who meet all the qualifying criteria have been able to declare themselves as 'exempt' from a limited assurance review by an external auditor. However, all authorities, even if they declare themselves 'exempt', still need to fully complete, agree and publish an annual return (AGAR).

All authorities require an external auditor appointment even if the authority meets the criteria to qualify for exemption, as a Certificate of Exemption is required to be submitted to the external auditor and a named auditor must be in place to deal with questions or objections from local electors about the accounts.

Annual Governance and Accountability Return (AGAR)

The Annual Governance and Accountability Return (AGAR) needs to be completed in accordance with "proper practices" as set out in '*Governance and Accountability for Smaller Authorities in England, a Practitioners' Guide*', and then be published in accordance with any applicable Transparency Code.

Annual Governance and Accountability Return forms will be sent out by your appointed auditor electronically at the end of the financial year. It is assumed that your authority is willing and able to accept documents electronically by e-mail; whilst an authority may request paper copies this may incur an administration charge.

Advice and assistance are available from the various sector membership organisations:

National Association of Local Councils and County Associations - www.nalc.gov.uk

Society of Local Council Clerks - www.slcc.co.uk

Association of Drainage Authorities - www.ada.org.uk

Yours faithfully,

Smaller Authorities' Audit Appointments Ltd

Appendix

Auditor appointments for smaller authorities for the five financial years from 2022-23 to 2026-27

SAAA announced the conclusion of its procurement process and the award of limited assurance review contracts for five years to the successful external audit firms on 30 November 2021.

Responsibilities under the new contracts will relate to accounts for the financial year beginning on **1 April 2022**. The details of your specific appointment by contract (County) area are listed below.

Your Authority's Audit Appointment for 2022-23 to 2026-2027

Your appointed auditor will be **MAZARS LLP**.

Their contact details are:

Mazars LLP,
The Corner,
Bank Chambers,
26 Mosley Street,
Newcastle upon Tyne NE1 1DF
Email: local.councils@mazars.co.uk
Tel.: 0191 383 6348

All auditor appointments are listed by contract (County) area and all the Auditor contact details are listed on our website on the Audit Appointments page.

Scales of Fees 2022-23 to 2026-27

The following fees have been determined by SAAA following consultation for the Audit Years 2022-23 to 2026-27.

Scales of audit fees

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.

Table 1 sets out the scales of audit fees for smaller authorities that complete their AGAR fully and accurately within the required timescales and provide the necessary supporting information and any explanations sought.

Authorities with neither income nor expenditure exceeding £200,000 will be subject to basic limited assurance audit review. Authorities with either income or expenditure exceeding £200,000 will be subject to intermediate limited assurance audit review.

Table1 - Scale of fees for bodies subject to limited assurance review

INCOME/EXPENDITURE BAND (£)	FEE FOR LIMITED ASSURANCE REVIEW (£)
0 - 25,000	0 (if a Certificate of Exemption is submitted)
0 - 25,000	210 (if a LAR review is required)
25,001 - 50,000	210
50,001 - 100,000	315
100,001 - 200,000	420
200,001 - 300,000	630
300,001 - 400,000	840
400,001 - 500,000	1,050
500,001 - 750,000	1,365
750,001 - 1,000,000	1,680
1,000,001 - 2,000,000	2,100
2,000,001 - 3,000,000	2,520
3,000,001 - 4,000,000	2,940
4,000,001 - 5,000,000	3,360
5,000,001 - 6,500,000	3,780

Note: An authority with neither income nor expenditure exceeding £25,000 that is **not** able to certify that it is an exempt authority as it does not meet the qualifying criteria, or if the authority wishes to have a limited assurance review by the external auditor, then the fee payable is £210.

Reminder letters

Where the auditor is required to send a reminder to any authority that has failed to submit either an AGAR or Certificate of Exemption to the external auditor by the statutory submission deadline will be charged £40 + VAT for each reminder.

Additional work and variations to the scale fees

If an active authority fails either to submit its Annual Return to the supplier for review by 30 September or (if it is an exempt authority) to provide a certificate of exemption, the supplier will consider issuing a public interest report, the cost of which will be payable by the authority pertaining to the fee income band of that authority as in Table 1 (above).

Extra fees may also be charged in other circumstances, for example where auditors are required to:

- consider objections to the accounts from local electors, from the point at which the auditor accepts the objection as valid;
- exercise special powers in relation to the review, such as issuing a report in the public interest; or
- undertake any special investigations, such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Extra fees will be calculated and charged according to the work required, subject to the maximum hourly rates set out in Table 2 below.

Table 2 - Maximum hourly rates for additional work at smaller authorities

STAFF GRADE	MAXIMUM £ PER HOUR
Engagement lead	355
Senior manager/manager	215
Senior auditor	140
Other staff	105

Value Added Tax

The fee scales exclude Value Added Tax, which will be charged at the prevailing rate on all work undertaken.

SAAA – Smaller Authorities' Audit Appointments Limited

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