



**Report on the results of  
auditors' work at Smaller  
Authorities 2020-21**

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## Report on the results of auditors' work at Smaller Authorities 2020-21

### Foreword

The financial year 2020-21 was the fourth year of the new limited assurance regime, which enabled smaller authorities with either income or expenditure of £25,000 or less and that met the other eligibility criteria to certify themselves exempt from a limited assurance review (LAR).

In 2020-21 there were 5,500 smaller authorities where neither income nor expenditure exceeded £25,000 and the great majority of these declared themselves exempt, although some were unable (or simply omitted) to do so.

Of the 9,808 smaller authorities, 2,417 authorities (25 per cent) failed to meet the statutory deadline of 30 June 2021 and submit an exemption certificate or an Annual Governance and Accountability Return (AGAR) to the auditor. These included 1,760 local councils, 601 parish meetings, 40 internal drainage boards and 16 other bodies. This may in part be due to the ongoing impact of the Covid-19 pandemic and its associated restrictions which were gradually relaxed in the summer of 2021.

As at 30 September 2021, the statutory publication date, 297 (three per cent) of authorities failed to submit an exemption certificate or an AGAR. Those authorities that are required to have a LAR will have failed to publish (as required by the Account and Audit Regulations 2015) a Notice of Conclusion of Audit; the External Auditor's Certificate and Report; and Sections 1 & 2 of the AGAR, including any amendments resulting from the LAR.

At the end of December, the number of non-responding authorities fell to 217: 74 local councils; 142 parish meetings; and one internal drainage board. In all these instances the relevant government department<sup>1</sup> was informed by SAAA.

The number of Public Interest Reports (PIRs) issued is shown in Table 5, almost all for the failure to submit an AGAR or a Certificate of Exemption despite repeated requests. It should be noted that a number of these authorities continue to receive a PIR year on year. In all cases, as required by statute, the name of the authority and a copy of the report were reported to the relevant government department.

Unfortunately, SAAA had to take legal action against three parish councils for the non-payment of statutory audit fees, County Court judgements being obtained.

It is hoped that 2021-22 will see significant improvements in the above figures and more communities will hold their local council, parish meeting and internal drainage board to account, bearing in mind that these bodies spend annually over £1 billion of public money for which they must be held accountable to their communities.

Michael Attenborough-Cox

Chairman

Smaller Authorities' Audit Appointments

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<sup>1</sup> The Department for Levelling Up, Housing and Communities (DLUHC) for local councils and the Department for the Environment, Food and Rural Affairs (DEFRA) for IDBs

## Executive Summary

2020-21 was the fourth year in which smaller authorities were subject to the limited assurance regime introduced in response to the Local Audit and Accountability Act 2014.

There was a small reduction in the number of authorities where neither income nor expenditure exceeded £25,000 that were able to declare themselves exempt from a limited assurance review by the external auditor and a more substantial increase in the number requiring a review. This was largely due to more authorities crossing the exemption threshold of £25,000, but was also affected by a number of small authorities losing their exempt status following the issue of a Public Interest Report.

Progress in submission of AGARs and certificates of exemption showed an improvement on 2019-20, but was still much slower than in 2018-19. This may have been partly due to the continuing impact of the Covid-19 pandemic, which is thought to have made some smaller parish councils (and, to an even greater extent, parish meetings) reluctant to meet face-to-face to conduct their business as was now once again required.

The delay in the submission of returns by some smaller authorities, combined with the increase noted above in the number of reviews required, affected the rate at which auditors were able to issue their opinions. At 31 December 2021, 103 reviews (2.2 per cent of the total) were still in progress – fewer than at 31 December 2020 but almost twice as many as at 31 December 2019.

There was little change between 2019-20 and 2020-21 in the percentage of opinions qualified by the auditor, although in both years there were notable differences between counties.

As foreshadowed in last year's report, there was a marked increase in the number of public interest reports (PIRs) issued by auditors in relation to the financial year 2019-20. A further 56 PIRs were issued in relation to 2019-20 (on top of the three reported last year) and 27 have already been issued in relation to 2020-21. All but three of these PIRs highlight failures by the authorities concerned to submit an AGAR or certificate of exemption, despite having received a request from the auditor and two reminder letters. Three of the authorities that have been the subject of PIRs in 2018-19 and 2019-20 (and in the case of one of the three, also in 2017-18) have subsequently failed to pay audit fees and County Court judgements have been obtained against them.

Internal drainage boards (IDBs), which are generally larger bodies with more management resources at their disposal, were less affected by these issues, although, regrettably, one IDB failed for a second successive year to submit an AGAR by 31 December, causing a PIR to be issued. Over all, the percentage of unqualified opinions in respect of IDBs remained high at over 90 per cent.

There continue to be a large number of authorities (29 as at 31 December 2021, dropping to 19 as at 28 February 2022) where audits for prior years (2019-20 or earlier) remain open because auditors' questions remain unanswered or there are outstanding objections to the accounts. Although the total number has changed only marginally in the last year, a higher proportion are of long standing.

## Introduction

This is the fourth report on the results of auditors' work issued by Smaller Authorities' Audit Appointments Ltd (SAAA) and summarises the results of auditors' work at smaller authorities (local government bodies with annual turnover below £6.5 million) in relation to the year that began on 1 April 2020 and ended on 31 March 2021.

In 2020-21 there were a total of **9,808** such smaller authorities, comprising:

**9,662** 'local councils' (town councils, parish councils, community councils, neighbourhood councils, and parish meetings (in parishes where there is no parish council));

**112** internal drainage boards (IDBs); and

**34** other local government bodies, including 32 smaller authorities (such as Charter Trustees, Port Authorities and Conservators) not classified as 'local councils' and two 'shadow' authorities created by the Department for Levelling Up, Housing and Communities and Local Government for the single year of 2020-21 in anticipation of new Unitary Councils coming into being in 2021-22. Neither of those bodies had any financial transactions.

The 9,662 local councils include **1,255** parish meetings: these are bodies with limited powers and low levels of expenditure. No parish meetings receive or spend more than £25,000 a year, and few come close to that threshold. Almost half of all parish meetings were financially inactive in 2020-21. As they lack the continuity provided by a corporate structure, contact details can easily get out of date, creating communication difficulties for auditors. SAAA continues to press for legislative or other change to exempt parish meetings from audit without the requirement for annual certification.

## Background

### Smaller Authorities

A 'smaller authority' is defined in legislation as an authority where for three years the higher of gross annual income or expenditure does not exceed £6.5 million.

Local councils are the first tier of local government and are statutory bodies. They are independently elected bodies that represent their communities and provide or contribute to a range of services – for example, parks and open spaces, cemeteries, allotments and village halls. They serve about 15 million people in England and spend over £1 billion of public money each year.

This expenditure is funded mainly through an annual charge, known as a precept, set by the local council and collected on its behalf as part of council tax.

An Internal Drainage Board (IDB) is a public body that manages water levels in an area, known as an internal drainage district, where there is a special need for drainage. IDBs undertake works to reduce flood risk to people and property and manage water levels for agricultural and environmental needs within their district.

There are **112** IDBs in England whose districts cover 1.2 million hectares (9.7 per cent of England's landmass). They play a key role in reducing flood risk to over 600,000 people and nearly 900,000 properties. They operate and maintain over 500 pumping stations, 22,000 km of watercourse, 175 automatic weed screen cleaners and numerous sluices and weirs.

Internal Drainage Boards spend over £60 million of public money each year. This expenditure is funded mainly through drainage rates on land occupiers and special levies on the local authorities in each drainage area.

## The Local Audit and Accountability Act 2014

The Local Audit and Accountability Act 2014 established new arrangements for the accountability and audit of local public bodies in England. The legislation requires every smaller authority to appoint its own auditor for the financial year starting on 1 April 2017 and each subsequent financial year.

## Smaller Authorities' Audit Appointments Ltd (SAAA)

SAAA was established as the sector-led 'not for profit' company to assist smaller authorities to procure and appoint external auditors. It was formed by the national sector membership organisations, the National Association of Local Councils, Society of Local Council Clerks and Association of Drainage Authorities.

The Secretary of State at the then Department of Communities and Local Government (now the Department for Levelling Up, Housing and Communities and Local Government (DLUHC)) appointed SAAA as the 'specified person' to procure and appoint external auditors to smaller authorities that did not choose to appoint their auditors directly, and to set audit fees for those authorities in compliance with the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, and the Local Audit (Smaller Authority) Regulations 2015.

In 2016 all smaller authorities agreed to have auditors appointed by SAAA. SAAA then undertook a comprehensive and robust procurement tender exercise and was able to appoint external auditors to all smaller authorities in a cost-effective way. This resulted in significant financial savings for the smaller authority sector.

Three firms of external auditors were appointed as auditors to smaller authorities – PKF Littlejohn, Mazars, and Moore Stephens (now Moore (East Midlands)).

As well as appointing auditors and setting scales of fees, SAAA is responsible for preparing and making available the Annual Governance and Accountability Return (AGAR) that all smaller authorities are required to complete and for reviewing the quality of audit work.

## Responsibilities of smaller authorities

Smaller authorities are required to prepare their accounting statements in accordance with statutory requirements and timetables, as set out in the Accounts and Audit Regulations 2015. These require a meeting to be held annually not later than 30 June at which the previous year's accounting statements (with associated documents) and/or certificates of exemption are approved, published and sent to the external auditor.

Smaller authorities producing accounting statements are required to ensure that they are prepared in accordance with 'proper practices' as set out in *Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices* approved by the Joint Panel on Accountability and Governance (JPAG) and published jointly by the National Association of Local Councils, the Society of Local Council Clerks and the Association of Drainage Authorities.

Smaller authorities complete their accounting statements in the form of an Annual Governance and Accountability Return (AGAR). The AGAR includes the:

- annual internal audit report;
- annual governance statement (AGS);
- accounting statements; and
- external auditor report and certificate (where required).

All smaller authorities (except Parish Meetings) are required to publish their AGAR on a freely accessible public website. It is, however, apparent that a significant number of smaller authorities have not complied with this Transparency Code requirement.

Smaller authorities are required under the Freedom of Information Act 2000 to publish contact details, but these are not always kept up to date. Auditors report difficulties in contacting some authorities that have failed to notify the auditor as required when the email address of the Chairman, Responsible Financial Officer or Clerk has changed. For that reason both JPAG and SAAA strongly recommend that every smaller authority maintain and publish a generic email address (for example [clerk@ambridgeparishcouncil.gov.uk](mailto:clerk@ambridgeparishcouncil.gov.uk) or [chair@lakeygreenparishmeeting.gov.uk](mailto:chair@lakeygreenparishmeeting.gov.uk)) of which the authority is the legal owner.

For 2019-20, in response to the Covid-19 pandemic, the Accounts and Audit Regulations were temporarily amended. The effect of the amendments was to extend by two months the statutory deadlines for the preparation and publication of accounting statements and associated documents; to suspend the requirement to hold an annual meeting; and to permit virtual meetings (with remote participation). These amendments only applied, however, to the accounting statements for 2019-20 and to meetings held before 7 May 2021. They did not apply to the accounting statements for 2020-21 (unless an authority chose to approve those accounts at a virtual meeting before 7 May). From April 2021, the statutory deadlines for the submission and publication of AGARs reverted to what they had been prior to April 2020.

### ‘Exempt’ smaller authorities

The Local Audit and Accountability Act 2014 and Local Audit (Smaller Authorities) Regulations 2015 introduced a new category of authorities that can declare themselves exempt from a limited assurance review by the external auditor.

The main exemption criteria are as follows:

- The authority must certify that, for the financial year in question, the higher of its gross income and gross expenditure did not exceed **£25,000**;
- The financial year must not be one of the first three years of the authority’s existence; and
- In relation to the preceding financial year, the external auditor must not have:
  - issued a public interest report in respect of the authority; or
  - made a statutory recommendation to the authority.

The full qualifying criteria for an authority to declare itself as exempt are as set out in Regulation 9 of the Local Audit (Smaller Authorities) Regulations 2015 and are listed on the Certificate of Exemption which is part of the Annual Governance and Accountability Return.

If the authority can confirm that all the criteria apply and that it neither received gross income nor incurred gross expenditure exceeding £25,000, then the authority can declare itself exempt at a full meeting of the authority held after the end of the financial year. The authority must then notify its appointed external auditor by completing and signing a Certificate of Exemption and returning it to the appointed external auditor by 30 June. Once an authority has declared and certified itself as exempt, then the auditor does not have duties in respect of that authority unless an objection is received.

An authority that meets the exemption criteria can still opt for a limited assurance review by its external auditor for a fee if it so chooses.

## Responsibilities of auditors

Auditors are required to undertake their work at smaller authorities within a framework prescribed by the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office (NAO) Code of Audit Practice (the 'Code').

Chapter 6 of the Code specifically relates to smaller authority assurance engagements and sets out the work required in relation to these engagements. To support auditors in meeting the requirements of the Act and the Code, the NAO also publishes detailed guidance in its Auditor Guidance Note (AGN) 02 *Specified Procedures for Assurance Engagements at Smaller Authorities*, to which auditors must have regard. The Code of Audit Practice and Auditor Guidance Notes are available on the NAO website.

A smaller authority limited assurance review is not an audit in accordance with professional auditing standards, but a limited assurance review which provides a level of assurance proportionate to the amounts of public money managed by smaller authorities. Auditors give a limited assurance opinion and certify completion of their work. Auditors issue an unqualified opinion where they consider that the annual return meets the specified requirements.

Where authorities fail to comply with the specified requirements or certain matters come to the auditor's attention, auditors are required under schedule 7 of the Act to consider whether they should exercise any of their additional reporting powers by issuing a written statutory recommendation or a public interest report.

An authority whose auditor has exercised these additional powers cannot then declare itself as exempt in the following year of account but must submit an AGAR to the external auditor for a limited assurance review and pay the relevant fee.

## Analysis of outcomes 2020-21

The 2020-21 information in this report is based on the position reported by the auditors to SAAA as at 31 December 2021 and is compared to the 2019-20 figures reported by the auditors as at 31 December 2020.

### Exemption

In 2020-21 a total of **5,110** smaller authorities (52 per cent of all smaller authorities) declared themselves exempt from a limited assurance review by the external auditor – a slight reduction from the 5,215 (53 per cent) declaring themselves exempt in 2019-20. The number of smaller authorities requiring a review increased by 115 (2.5 per cent) to **4,698**. The proportion varied from county to county, with up to three-quarters able to declare themselves exempt in some very rural counties, compared with fewer than 20 per cent in more densely populated areas.

The 4,698 authorities requiring a review included 167 (2019-20: 160) where neither income nor expenditure exceeded £25,000 but that either did not meet the exemption criteria or had specifically requested a limited assurance review. The number of potentially exempt smaller authorities specifically requesting a review has fallen over the four years since the limited assurance regime was introduced, as the opportunities for exemption from audit have become more widely understood. This trend was, however, offset in 2020-21 by an increase in the number of authorities losing their exempt status following the issue of a Public Interest Report.

The number of authorities shown as requiring a review also includes 148 parish meetings that either raised no precept in 2020-21 or raised a precept of £2,500 or less and that had failed to submit a certificate of exemption. By 28 February 2022 this number had reduced to 113. The comparable figures for 2019-20 were 100 and 89. We reported last year that (under Coronavirus legislation)



parish meetings had until 1 August 2020 been prohibited from meeting and although from that date they were permitted to meet remotely not all will have done so. From 7 May 2021, the option of meeting remotely was no longer available; there remained, however, in some parishes a reluctance to arrange the face-to-face parish meetings that were now permitted.

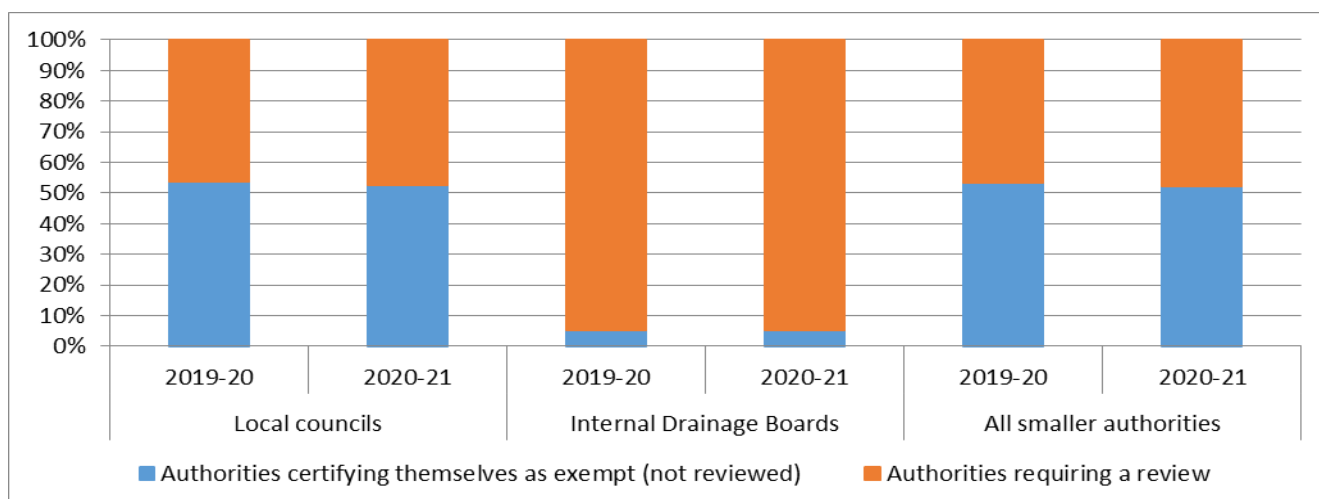
Recognising the unusual circumstances, the SAAA Board decided in October 2020 that auditors should continue to remind these parish meetings of their obligation to submit an AGAR but should not charge fees for issuing reminder letters where one of these very small authorities had failed to certify itself as exempt. This practice has continued in 2021.

Table 1 shows the number and proportion of all smaller authorities requiring a review or certifying themselves as exempt (not requiring a review) as at 31 December 2020 and 31 December 2021, with separate totals for local councils (including miscellaneous local government bodies) and internal drainage boards.

Table 1: Authorities requiring a review												
	Local councils and Other 2019-20		Local councils and Other 2020-21		Internal Drainage Boards 2019-20		Internal Drainage Boards 2020-21		All smaller authorities 2019-20		All smaller authorities 2020-21	
<b>Number of authorities</b>	9,686		9,696		112		112		9,798		9,808	
<b>Authorities certifying themselves as exempt (not reviewed)</b>	5,209	54%	5,104	53%	6	5%	6	5%	5,215	53%	5,110	52%
<b>Authorities requiring a review</b>	4,477	46%	4,592	47%	106	95%	106	95%	4,583	47%	4,698	48%

Figure 1 shows the percentage of smaller authorities requiring and not requiring a review in 2019-20 and 2020-21.

**Figure 1: Authorities requiring a review**



## Opinions issued

Auditors aim to issue their opinions on smaller authorities' annual returns in time to enable the authorities to publish their annual returns with the auditor's report and certificate by the statutory deadline for the publication of accounts of 30 September. If there are outstanding objections and challenges the auditor may issue an interim certificate pending a review and/or investigation into objections and the auditor's opinion will be issued later. This interim certificate must also normally be issued by the statutory deadline of 30 September.

Adherence to this timetable requires timely completion and submission by authorities of their Annual Governance and Accountability Returns (AGARs) and/or certificates of exemption. In 2020-21 2,417 authorities (almost 25 per cent of all smaller authorities) failed to meet the statutory deadline of 30 June 2021.

Nevertheless, by 31 December 2021, auditors had issued a final opinion and certificate on the 2020-21 annual return at **4,273** local councils and other authorities (93 per cent of local councils requiring a review), and **105** IDBs (99 per cent). In respect of local councils, this was a slightly higher proportion than in 2019-20 but still significantly lower than in 2018-19, when 98 per cent of the opinions required had been issued by 31 December.

The slow progress was largely due to continuing high rates of late submission of AGARs. By 31 December 2021 217 authorities had failed to submit an AGAR. This was slightly fewer than the previous year (222), but still well above the pre-pandemic level: as at 31 December 2019, prior to the onset of the pandemic, only 43 authorities had failed to submit an AGAR for the 2018-19 financial year.

The 217 authorities failing to submit an AGAR did, however, include the 148 very small parish meetings referred to above. If this group is excluded, the number of authorities failing to submit an AGAR was less than in 2019-20 (69 compared with 122).

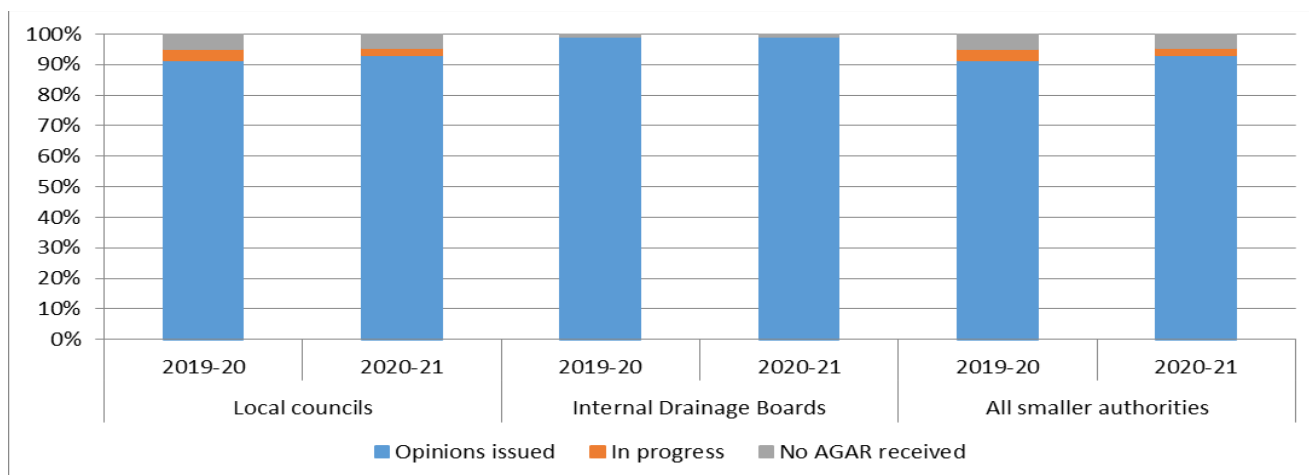
While the great majority of those bodies were local councils, one IDB also failed (for a second year in succession, and despite persistent follow-up by the auditor) to submit a timely AGAR.

These delays in the submission of returns by smaller authorities, combined with the increase in the number of reviews required, inevitably affected the rate at which auditors were able to issue their opinions. At 31 December 2021 103 reviews (2.2 per cent of the total) were still in progress. This figure (which includes a number of cases in which an AGAR had been submitted but the audit remained open as the period for exercise of public rights had not come to an end) compared with 164 (3.6 per cent) at 31 December 2020 but only 55 (1.3 per cent) at 31 December 2019.

Table 2 shows the number and proportion of opinions issued as at 31 December 2019 and 31 December 2020, with separate totals for local councils (including miscellaneous local government bodies) and internal drainage boards.

Table 2: Opinions issued and not issued												
	Local councils and Other 2019-20		Local councils and Other 2020-21		Internal Drainage Boards 2019-20		Internal Drainage Boards 2020-21		All smaller authorities 2019-20		All smaller authorities 2020-21	
<b>Authorities requiring a review</b>	4,477		4,592		106		106		4,583		4,698	
<b>Opinions issued</b>	4,092	91%	4,273	93%	105	99%	105	99%	4,197	92%	4,378	93%
<b>In progress</b>	164	4%	103	2%	0	0%	0	0%	164	4%	103	2%
<b>No AGAR received</b>	221	5%	216	5%	1	1%	1	1%	222	5%	217	5%

Figure 2 shows the percentages of opinions issued and (as at 31 December) still to be issued in relation to those authorities requiring a review.

**Figure 2: Opinions issued and not issued**


Appendix A provides an analysis by contract area<sup>2</sup> of the numbers of smaller authorities requiring and not requiring a review and (in the former category) of the numbers of local councils where opinions had or had not been issued by 31 December 2021 (Table A.1 and Figure A.1). As explained above, in more than two-thirds of the authorities where no opinion had been issued the reason was that no AGAR had been submitted, and more than two-thirds of the non-submitting authorities were very small parish meetings. Consequently, Table A.1 and Figure A.1 show counties with very large numbers of parish meetings (particularly Lincolnshire and, to a lesser extent, North Yorkshire) having a relatively high proportion of opinions not issued.

### Qualified and unqualified opinions

Auditors issue an unqualified opinion where they consider that the Annual Governance and Accountability Return (AGAR) meets with the specified requirements. Where this is not the case, the auditor will 'qualify' the opinion, setting out the respects in which the requirements are not met and explaining the reasons that have led to that conclusion.

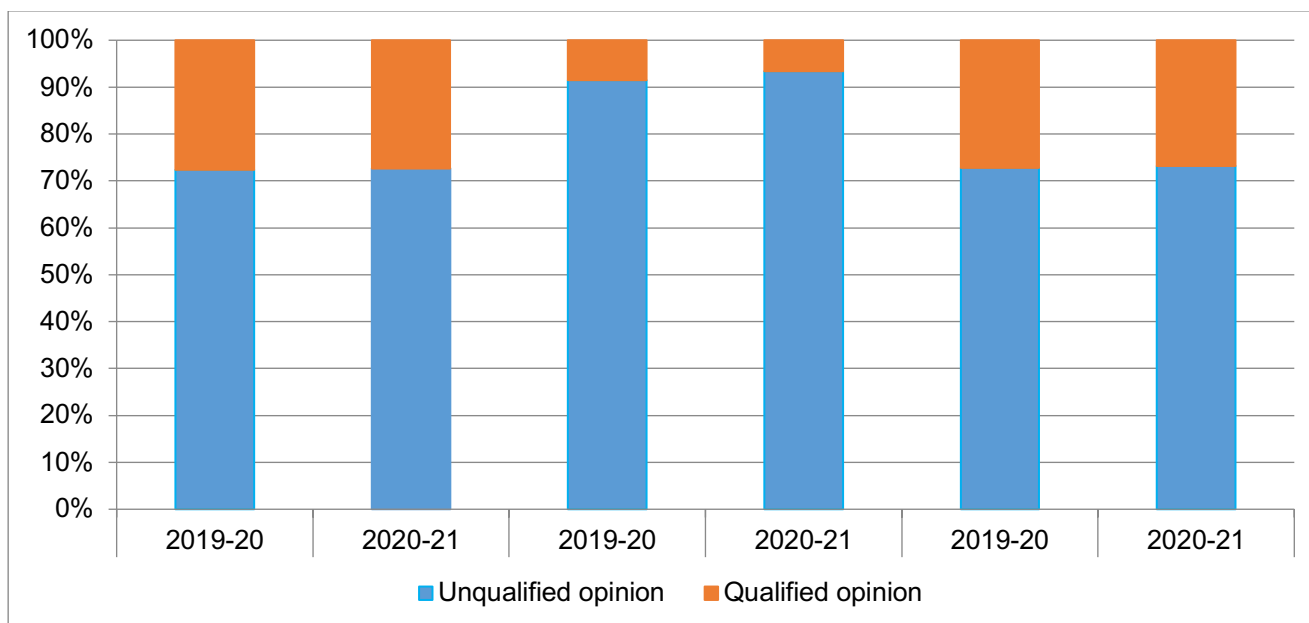
Auditors may qualify the opinion on the AGAR because of issues identified in the accounting statements, the annual governance statement (AGS), or both. A qualification on the AGS may relate to one or more of the assertions the smaller authority is required to make. The assertions are set out in Appendix B.

Of the opinions that auditors had issued to smaller authorities by 31 December 2021, 73 per cent were unqualified, as shown in Table 3 and Figure 3. The percentage of qualified opinions was only marginally lower than in 2019-20, following large falls in the two preceding years as authorities gained familiarity with the new assurance regime.

**Table 3 Number of qualified and unqualified opinions**

	Local councils and Other 2019-20		Local councils and Other 2020-21		Internal Drainage Boards 2019-20		Internal Drainage Boards 2020-21		All smaller authorities 2019-20		All smaller authorities 2020-21	
<b>Opinions issued</b>	4,092		4,273		105		105		4,197		4,378	
<b>Qualified opinions</b>	1,132	28%	1,167	28%	9	9%	7	7%	1,141	27%	1,174	27%
<b>Unqualified opinions</b>	2,960	72%	3,106	72%	96	91%	98	93%	3,056	73%	3,204	73%
<b>Opinions not issued</b>	385		319		1		1		386		320	

<sup>2</sup> A contract area is normally a county; the Internal Drainage Boards are covered by a separate contract

**Figure 3: Qualified and unqualified opinions**


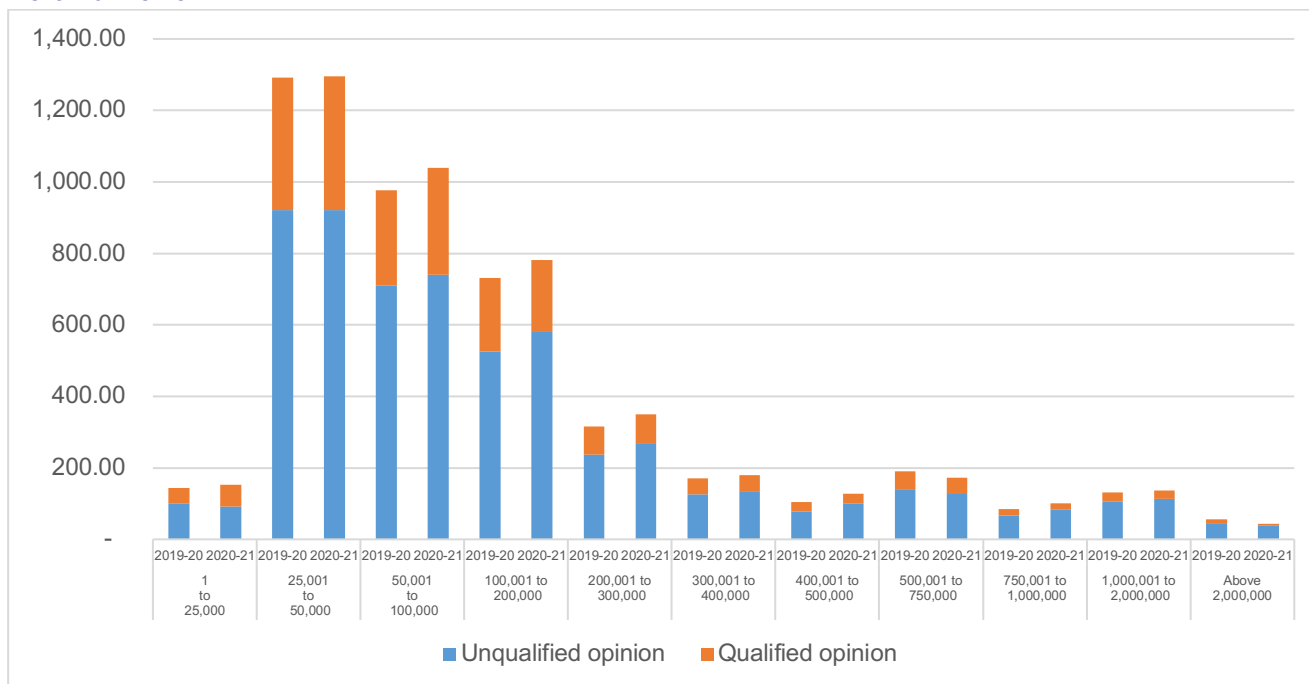
Appendix A provides an analysis by contract area<sup>3</sup> of the number of smaller authorities receiving qualified and unqualified opinions, as well as the number where (for whatever reason) an opinion has not yet been issued (Table A.2 and Figure A.2).

The number of smaller authorities in each fee band receiving a qualified opinion is shown in more detail in Table 4 and Figure 4.

Fee band (£)	Opinions issued 2019-20	Number and percentage of qualified opinions 2019-20		Opinions issued 2020-21	Number and percentage of qualified opinions 2020-21	
		Number	Percentage		Number	Percentage
1 to 25,000	143	43	30%	152	60	39%
25,001 to 50,000	1,291	370	29%	1,295	374	29%
50,001 to 100,000	977	267	27%	1,039	298	29%
100,001 to 200,000	732	206	28%	782	200	26%
200,001 to 300,000	315	78	25%	350	80	23%
300,001 to 400,000	171	45	26%	179	44	25%
400,001 to 500,000	105	27	26%	127	27	21%
500,001 to 750,000	191	52	27%	173	44	25%
750,001 to 1,000,000	85	18	21%	101	18	18%
1,000,001 to 2,000,000	131	24	18%	136	23	17%
Above 2,000,000	56	11	20%	44	6	14%
<b>Total</b>	<b>4,197</b>	<b>1,141</b>	<b>27%</b>	<b>4,378</b>	<b>1,174</b>	<b>27%</b>

<sup>3</sup> A contract area is normally a county; the Internal Drainage Boards are covered by a separate contract

**Figure 4: Qualified and unqualified opinions for smaller authorities by fee band 2019-20 and 2020-21**



## Public Interest Reports (PIRs) and Statutory Recommendations

Schedule 7 of the Local Audit and Accountability Act 2014 requires auditors to consider whether, in the public interest, they should make a report on any matter that relates to an authority or an entity connected with the authority coming to their notice during the audit, so that it can be considered in accordance with the requirements set out in schedule 7 or brought to the public's attention. Auditors may issue a public interest report during or after the end of the audit.

The great majority of public interest reports (126 of the 139 PIRs issued in the last four years) resulted from authorities having failed to submit an AGAR or Certificate of Exemption as required by legislation despite having received a request from the auditor and two reminder letters. Reminder letters are accompanied by a demand for a fee (currently £40).

2019-20 saw a very large increase in the number of public interest reports issued for this reason. Because of delays in the submission of AGARs and (consequently) in the completion of reviews, these reports were all issued on 31 March 2021 or later, and so were not included in last year's Annual Report. It is likely that further PIRs will be issued in relation to 2020-21.

A smaller but significant number of PIRs have been issued as a result of authorities having wrongly declared themselves exempt from a limited assurance review. This usually occurs when an authority does not include all of its gross income and/or expenditure when considering whether it meets the '£25,000 or less' criterion to declare itself exempt. Six such cases were reported in relation to the financial year 2019-20. To date, no PIRs have been issued for this reason in relation to the financial year 2020-21, although there may well be cases that have not come to auditors' attention.

Occasionally a public interest report is issued as a result of an investigation: there have been two such cases in the four years since the introduction of the new assurance regime, the most recent relating to 2019-20.

Table 5 lists the authorities where the auditor has issued a report in the public interest. All but one of these are local councils, but for the first time the list includes an IDB (Ramsey) that did not submit its

2019-20 AGAR until nine months after the due date and also failed to submit a timely AGAR for 2020-21. The list includes all PIRs issued up to 28 February 2022.

All PIRs are published on the SAAA website ([www.saaa.co.uk](http://www.saaa.co.uk)) and copies are sent to the Secretary of State at DLUHC, the National Audit Office and the local Monitoring Officer. For 2019-20 and 2020-21, auditors have not been issuing PIRs where a small parish meeting (raising no precept or precepting no more than £2,500) has, despite reminders, failed to submit an AGAR, as they have taken the view that the cost of doing so is disproportionate to any public benefit.

**Table 5: Public interest reports issued over the past four audit years**

Key:

A = authority failed to submit AGAR

E = authority incorrectly claimed exemption from review

O = other reason

Smaller authority	2017-18	2018-19	2019-20	2020-21
Abbotsham Parish Council				A
Alne Parish Council		E		
Alverdiscott and Huntshaw Parish Council	A	A		
Asfordby Parish Council			A	
Assington Parish Council			E	
Aubourn and Haddington Parish Council			A	
Azerley Parish Council			A	
Backford Parish Council	A			
Barham and Woolley Parish Council			A	
Bengeo Rural Parish Council			A	
Bisham Parish Council			A	
Bispham Parish Meeting	A			
Bostock Parish Council			A	
Bowerchalke Parish Council	A			
Bradford-on-Tone Parish Council				A
Brotherton Parish Council			A	A
Burnham Parish Council				A
Char Valley Group of Local Councils			E	
Clayton-le-Dale Parish Council			E	
Coniston and Thirtleby Parish Council		A	A	A
Cononley Parish Council			E	
Coveney Parish Council		A		
Coxwold Parish Council			A	
Dalwood Parish Council	A			
Dunston Parish Council			A	
East Keswick Parish Council			A	
Eskdale Parish Council	A			
Essington Parish Council	O			
Fountains Abbey Parish Council			A	
Freethorpe Parish Council		A		
Gedding Parish Meeting		A		
Grantham Charter Trustees			A	
Great and Little Leighs Parish Council		A		
Great Wratting Parish Council	A	A	A	
Greetham Parish Council		E		

## Report on the results of auditors' work 2020-21 – Smaller Authorities

Gunthorpe (Notts) Parish Council		A	A	
Halling Parish Council			A	
Hatfield Heath Parish Council		A		
Haworth Cross Roads and Stanbury Parish Council			A	
Holme Abbey Parish Council			A	
Howden Town Council		A		
Icklingham Parish Council			A	A
Irby upon Humber Parish Council			A	A
Keelby Parish Council		A		
Kelbrook and Sough Parish Council	A			A
Kilmington Parish Council	A			
Kingwater Parish Council			A	
Lapford Parish Council			A	
Lea Parish Council				A
Ledston Parish Council		A		
Leire Parish Council			E	
Levens Parish Council		E		
Littleport Parish Council				A
London Colney Parish Council			A	
Lyneham & Bradenstoke Parish Council		A		
Mapperton Parish Meeting		A		
Mareham le Fen Parish Council				A
Melton Ross Parish Council			A	
Middleton Parish Council (Morecambe)	A	A		
Miserden Parish Council			A	
Much Cowarne Parish Council			A	
Newbourne Parish Council				A
Newsham Parish Council			A	
Newton Longville Parish Council			A	
Newton-on-the-Moor and Swarland Parish Council			E	
Nidd Parish Council	A			
Orchard Park Community Council	A		A	
Osbaldeston Parish Council				A
Overton Parish Council (Lancashire)	A			
Pidley cum Fenton Parish Council				A
Preston Parish Council			A	A
Pudding Norton and Testerton Parish Council	A			
Quadring Parish Council			A	
Ramsey Internal Drainage Board				A
Raskelf Parish Council				A
Ringwould and Kingsdown Parish Council			A	
Ripple Parish Council		A		
Rountons Parish Council			A	
Salterforth Parish Council	A			
Scarrington Parish Meeting		A		
Scotter Parish Council	A	A		
Scrayingham Parish Council	A	A	A	A
Sennen Parish Council	A			
Shrewsbury Town Council			O	

Skidbrooke With Saltfleet Haven Parish Council				A
Snetterton Parish Council	A			
Soulbury Parish Council			A	A
South Somercotes With Fenhouse and Scupholme Parish Council				A
St Buryan Parish Council	A			
St Gluvias Parish Council		E		
St Levan Parish Council	A			
St Mary Bourne Parish Council				A
St Pinnock Parish Council			A	
Stanstead Parish Council		A	A	A
Stoke Gabriel Parish Council		E		
Stoke-by-Clare Parish Council			A	
Theydon Mount Parish Council		A		
Tibberton Parish Council			A	
Tingewick Parish Council			A	A
Tremaine Parish Council			A	
Tresmeer Parish Council			A	
Uffculme Parish Council		A	A	A
Welbourn Parish Council			A	
West Halton and Coleby Parish Council	A			
Whitminster Parish Council			A	
Winterbourne Abbas and Winterbourne Steepleton Parish Council				A
Winterton Town Council		A		
Woolhampton Parish Council			A	
Worminghall Parish Council			A	
Worsthorne with Hurstwood Parish Council			A	
Worth Parish Council			A	
Wotton Parish Council				A
Wrose Parish Council			A	

Schedule 7 of the Local Audit and Accountability Act 2014 also provides for an auditor to make a written recommendation to an authority, which the authority is required to consider. The great majority of these recommendations relate to the requirement to submit an AGAR (or Certificate of Exemption), and may be followed by a PIR where no action is taken. By 31 December 2021 99 such statutory recommendations had been issued by auditors in relation to the financial year 2020-21, six more than in 2019-20 and three times as many as in 2018-19. All of these related to failure to submit an AGAR.

## Non-payment of audit fees

Three of the authorities that had been the subject of PIRs in 2018-19 and 2019-20 (and in the case of one of the three, also in 2017-18) and, as a result, have ceased to be exempt from the requirement to have a limited assurance review, have since failed to pay audit fees and County Court judgements have been obtained against them. The authorities concerned are:

- Coniston and Thirtleby Parish Council;
- Scrayingham Parish Council; and
- Stanstead Parish Council.

SAAA continues to work with auditors to ensure that audit fees are paid when due to avoid placing an unfair burden on the great majority of smaller authorities that meet their statutory obligations.



## Open audits

In some cases the auditor is unable to conclude the audit because the authority has failed to provide all the necessary information or (more usually) because there are outstanding objections from members of the public or (in a few cases) criminal investigations that have not been resolved.

As at 31 December 2021 there were 29 such cases outstanding relating to 2019-20 audits. At nine authorities, the 2019-20 audit could not be concluded because the 2018-19 audit was still open, and in six of these cases the issues to be resolved dated back three years or longer.

**Table 6: Prior Year open audits as at 28 February 2022**

Authority	2016-17	2017-18	2018-19	2019-20
Ackworth Parish Council				X
Baddesley Ensor Parish Council			X	X
Barrow Parish Council (Great and Little Barrow, Cheshire)				X
Bassingbourn cum Kneesworth Parish Council				X
Battle Town Council				X
Bembridge Parish Council			X	X
Beverley Town Council				X
Chigwell Parish Council				X
Datchworth Parish Council				X
Dunchurch Parish Council				X
Felton Parish Council		X	X	X
Groby Parish Council				X
Hilton Parish Council				X
Honiton Town Council				X
Keighley Town Council				X
Kirby Muxloe Parish Council	X	X	X	X
Lewes Town Council				X
North Walsham Town Council				X
Northaw and Cuffley Parish Council				X
Oakham Town Council			X	X
Potto Parish Council	X	X	X	X
Poulshot Parish Council				X
Rothbury Parish Council		X	X	X
Shaftesbury Town Council				X
Spaldington Parish Council		X	X	X
St Columb Major Town Council				X
Walford Parish Council				X
Weasenham Parish Council				X
Welney Parish Council		X	X	X

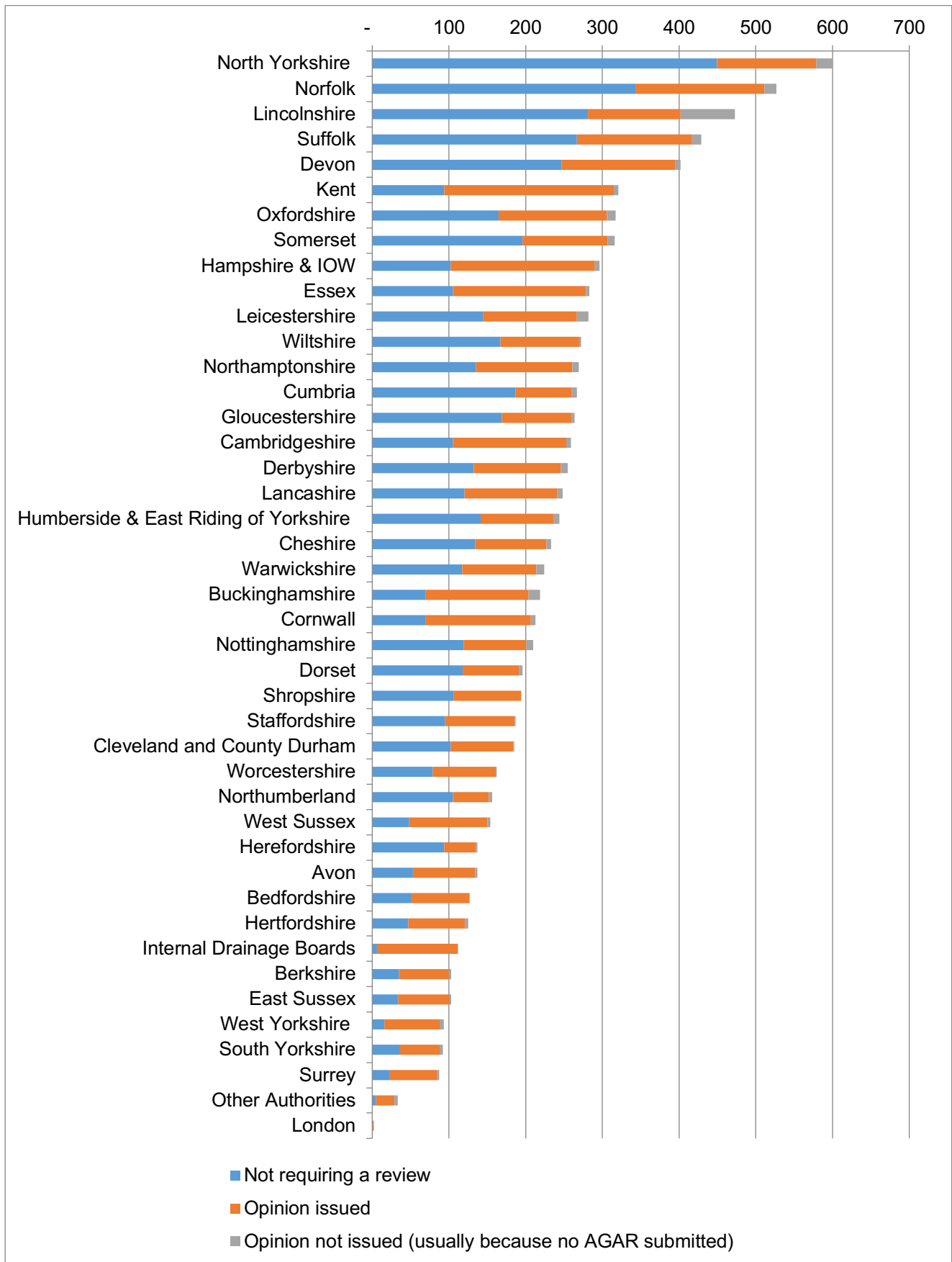
By 28 February 2022 ten of the open audits for 2019-20 had been concluded, leaving the total at 19 (one fewer than at the same date in 2021).

## Appendix A

**Table A.1 Smaller authorities: opinions issued by 31 December 2021 by contract area (County)**

County area	Number of authorities	Not requiring a review	Requiring a review	Opinions issued by 31/12/20
Avon	137	53	84	81
Bedfordshire	127	51	76	76
Berkshire	103	35	68	65
Buckinghamshire	219	69	150	135
Cambridgeshire	259	105	154	148
Cheshire	233	134	99	93
Cleveland and County Durham	185	102	83	82
Cornwall	213	69	144	138
Cumbria	267	187	80	73
Derbyshire	255	132	123	114
Devon	402	247	155	148
Dorset	196	118	78	73
East Sussex	103	34	69	67
Essex	283	105	178	174
Gloucestershire	264	169	95	91
Hampshire and the Isle of Wight	296	102	194	188
Herefordshire	137	94	43	41
Hertfordshire	125	47	78	74
Humberside and the East Riding of Yorkshire	244	141	103	96
Kent	321	94	227	221
Lancashire	248	120	128	121
Leicestershire	282	144	138	123
Lincolnshire	473	281	192	121
London	2	0	2	2
Norfolk	527	343	184	168
North Yorkshire	600	449	151	130
Northamptonshire	269	135	134	126
Northumberland	156	105	51	47
Nottinghamshire	210	119	91	82
Oxfordshire	317	165	152	141
Shropshire	194	106	88	88
Somerset	316	196	120	111
South Yorkshire	92	36	56	52
Staffordshire	187	95	92	91
Suffolk	429	267	162	150
Surrey	87	23	64	62
Warwickshire	224	117	107	97
West Sussex	154	48	106	102
West Yorkshire	93	16	77	72
Wiltshire	272	167	105	103
Worcestershire	162	79	83	82
Other Authorities	33	5	28	24
Internal Drainage Boards	112	6	106	105
<b>Total</b>	<b>9808</b>	<b>5110</b>	<b>4698</b>	<b>4378</b>

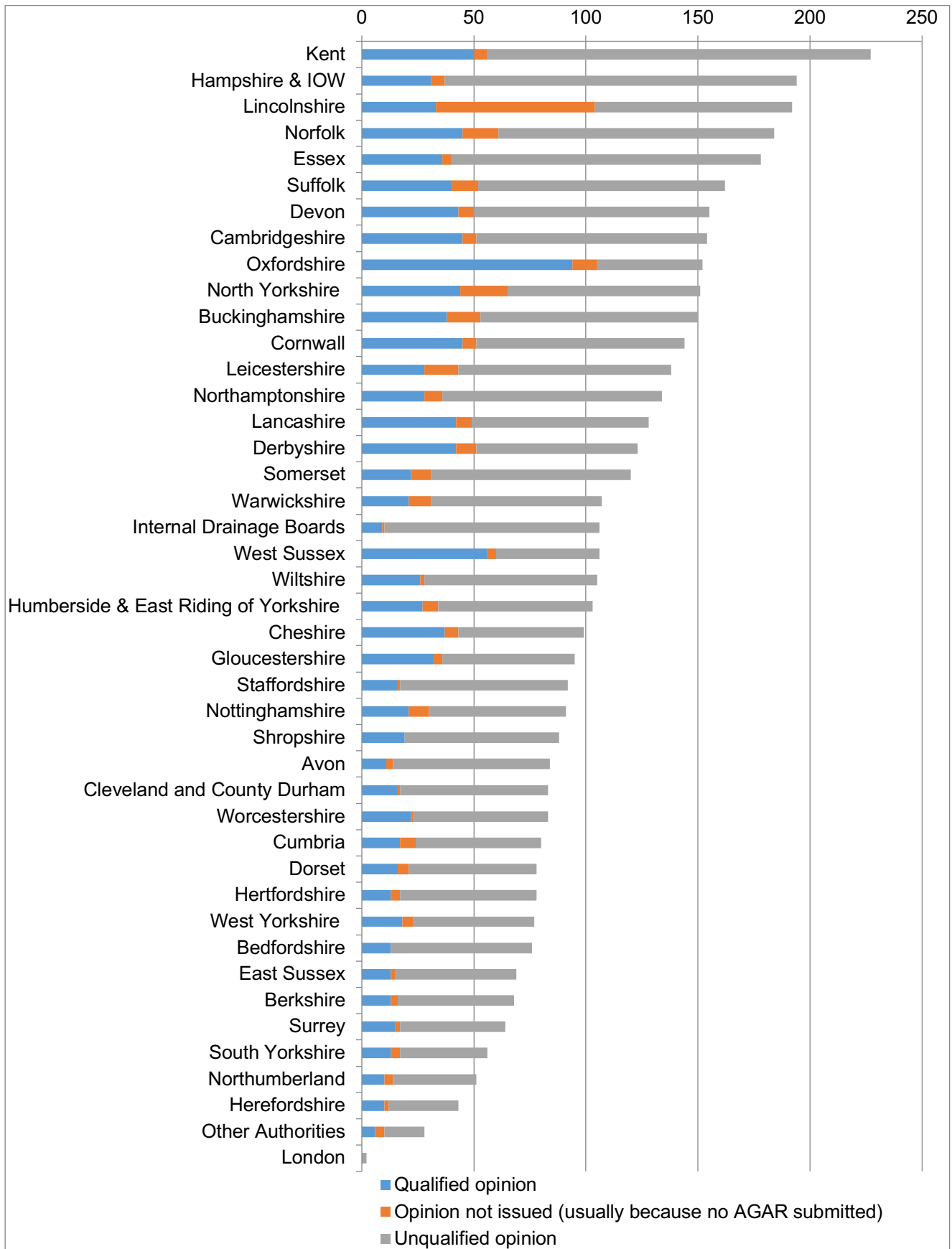
**Figure A.1 Smaller authorities: opinions issued by 31 December 2021 by contract area (County)**



**Table A.2 Smaller authorities: qualified and unqualified opinions on 2020-21 accounts by contract area (County)**

County area	Unqualified opinion	Opinion not yet issued or awaiting AGAR	Qualified opinion
Avon	70	3	11
Bedfordshire	63	-	13
Berkshire	52	3	13
Buckinghamshire	97	15	38
Cambridgeshire	103	6	45
Cheshire	56	6	37
Cleveland and County Durham	66	1	16
Cornwall	93	6	45
Cumbria	56	7	17
Derbyshire	72	9	42
Devon	105	7	43
Dorset	57	5	16
East Sussex	54	2	13
Essex	138	4	36
Gloucestershire	59	4	32
Hampshire and the Isle of Wight	157	6	31
Herefordshire	31	2	10
Hertfordshire	61	4	13
Humberside and the East Riding of Yorkshire	69	7	27
Kent	171	6	50
Lancashire	79	7	42
Leicestershire	95	15	28
Lincolnshire	88	71	33
London	2	-	0
Norfolk	123	16	45
North Yorkshire	86	21	44
Northamptonshire	98	8	28
Northumberland	37	4	10
Nottinghamshire	61	9	21
Oxfordshire	47	11	94
Shropshire	69	-	19
Somerset	89	9	22
South Yorkshire	39	4	13
Staffordshire	75	1	16
Suffolk	110	12	40
Surrey	47	2	15
Warwickshire	76	10	21
West Sussex	46	4	56
West Yorkshire	54	5	18
Wiltshire	77	2	26
Worcestershire	60	1	22
Other authorities	18	4	6
Internal Drainage Boards	96	1	9
<b>Total</b>	<b>3202</b>	<b>319</b>	<b>1167</b>

**Figure A.2 Smaller authorities: qualified and unqualified opinions on 2020-21 accounts by contract area (County)**



## Appendix B

### Assertions in the Annual Governance Statements

Listed below are the assertions that members of an authority are required to confirm, to the best of their knowledge and belief, in respect to the Accounting Statements for the audit year.

1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.
7. We took appropriate action on all matters raised in reports from internal and external audit.
8. 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 authority and, where appropriate, have included them in the accounting statements.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.