

# Saaa

## Smaller Authorities' Audit Appointments

### Audit Fee Variation Guidance

18 Oct 2023

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09	1	CEO	18 Oct 2023	SAAA Website, Board members	As required

## **1. Introduction**

- 1.1. The SAAA Board has agreed a set of circumstances, factors, and criteria (known as 'guidance') and a process to be applied when considering audit fee variations.
- 1.2. The guidance flows from SAAA's powers and discretion to amend audit fees in specified circumstances in Regulation 22 of the Local Audit (Smaller Authorities) Regulations 2015 and the statutory function delegated to SAAA by government of "*setting and amending scales of fees and determining fees payable where they vary from the published scale*".
- 1.3. The guidance and process to be followed for audit fee variations has been agreed by SAAA following legal advice from its Solicitors. These will ensure that a consistent approach is taken, although each case will have its own unique circumstances.

## **2. Audit Fee Variations Factors**

- 2.1. The following factors will be considered for audit fee variations:

### **2.2. Proportionality**

- 2.2.1. Total size/amount of the additional audit fee
- 2.2.2. Precept and total income/expenditure of the authority
- 2.2.3. Tax base/population of the parish
- 2.2.4. Assets of the authority

### **2.3. Other factors**

- 2.3.1. Number of objections received, number not considered, number upheld and number rejected upon full consideration.
- 2.3.2. Auditor time recorded v auditor time charged to the authority
- 2.3.3. Level, seniority and mix of audit staff engaged in the work
- 2.3.4. Representations made by the authority to the auditor

## **3. Process**

- 3.1. Evidence will be taken from both sides as to why the fee should/should not be increased or reduced (usually the auditor and the authority but may also exceptionally involve evidence submitted from others).
- 3.2. The evidence from both sides will be considered with an open mind, free from bias, taking into account all relevant considerations.
- 3.3. Every case will be considered on its own merits, which may occasionally permit exceptions to the general guidance.
- 3.4. Decisions will be made by the Chief Executive and will be reported at the next SAAA Board meeting.
- 3.5. SAAA will notify the authority of any smaller or larger fee and give reasons as per Regulation 22(4).

- 3.6. If an appeal or complaint is received, the SAAA Board will consider whether the Chief Executive considered the correct specified circumstances when coming to a decision and correctly weighed up the competing factors and relevant considerations.
- 3.7. The Board will either uphold or amend the decision of the Chief Executive.
- 3.8. Amounts rebated to authorities by SAAA will be recorded in the management accounts and the aggregate will be a separate item in the annual published accounts.
- 3.9. Annex A shows the form to be used by the CEO to record decisions.

## Audit Fee Variation – CEO Decision Record

Date of CEO consideration	Insert date
Name of Smaller authorities	Insert name
Name of Auditor	Insert name, and contact details if required
Interested parties	List those interested
Substantive fee	£
Serial No.	001

### Proportionality

Total size/amount of the additional audit fee	£
Precept and total income/expenditure of the authority	£
Tax base/population of the parish	
Assets of the authority	List reserves and other assets

### Other factors

Number of objections received, number not considered, number upheld and number rejected upon full consideration.	
Auditor time recorded v auditor time charged to the authority	
Level, seniority and mix of audit staff engaged in the work	
Representations made by the authority to the auditor	

## Representations

To reduce fee	
Who	
Representation	
To leave fee unchanged	
Who	
Representation	

Chief Executive Officer Decision	To vary fee/To leave fee unvaried.
Revised fee (if required)	£
Variance with previous fee (as appropriate)	£
Explanation	Summary of CEO decision making process
Date reported to Board	Insert date
Board approval	Yes or No
Further Actions required by Board	List