

New External Audit Arrangements Arising from COVID-19

PKF Littlejohn LLP have sent through details of the revised AGAR instructions re external audit (Appendix A).

New legislation in response to the Coronavirus pandemic, the Ministry for Housing, Communities & Local Government (MHCLG) has issued [SI 2020/404 The Accounts and Audit \(Coronavirus\) \(Amendment\) Regulations 2020](#)

The key points to note are:

1. There are no changes in the requirement for wet signatures on the AGAR. Our understanding is that wet signatures need to be added to the AGAR in the same order as previous years and that the AGAR will need to be passed between the relevant individuals for signature. Where individuals are self-isolating it is hoped that local assistance will be available to facilitate this.
2. The submission deadline for the receipt of the approved AGAR and supporting documentation or the Certificate of Exemption (as appropriate) is **Friday 31 July 2020. If councils are not able to meet this deadline they should contact PKF Littlejohn LLP to arrange an alternative submission date (subject to below) to avoid incurring the administrative charges.** Non-submission will lead to chargeable chaser letters being issued (£40 plus VAT for all financially active smaller authorities).
3. Under the new regulations **there is no requirement for a common period for the exercise of public rights (which previously included the first 10 working days of July).** Smaller authorities are still required to set a period for this purpose, but the only requirement is that **the 30-working day period for the exercise of public rights should start on or before the first working day of September, i.e. on or before 1 September 2020.**
4. The deadline by which the Annual Governance Statement and Statement of Accounts of the Annual Governance and Accountability Return (AGAR) together with any certificate or opinion issued by the local auditor must be published from 30 September 2020 to 30 November 2020.
5. **IMPORTANT: If a financially active smaller authority is issued with a statutory recommendation (and/or a public interest report) for 2019/20 it will not be able to claim exemption from a limited assurance review for 2020/21, regardless of whether it meets all other criteria.**

The Clerk is currently working on preparation of the internal audit (Year end accounts & financial risk assessment included on the April agenda at 20.04.11) with the expectation that the internal audit should be completed in time to report back and complete the AGAR forms not later than the June meeting (25th June 2020).

From: [PKF Littlejohn](mailto:PKF.Littlejohn)
To: parishclerk@wickhambrook.org
Subject: SF0413- 2019/20 AGAR PKF Littlejohn instructions re external audit
Date: 23 April 2020 14:32:31

SF0413 Wickhambrook Parish Council – 2019/20 AGAR instructions re external audit

Dear Clerk/RFO

Firstly, we would like to thank you for your patience over the last few weeks. We did not think it was appropriate to issue our instructions in March 2020 when there was so much uncertainty over potential changes to the legislation governing smaller authorities subject to the limited assurance regime. We are now able to formally issue our instructions and, as we describe below, there have been legislative changes brought in that impact the 2019/20 reporting season.

We are appointed by [Smaller Authorities' Audit Appointments Ltd](#) (SAAA) as the external auditor of your smaller authority for financial years up to and including the year ended 31 March 2022. We are writing to you to provide instructions to enable your smaller authority to comply with the relevant statute and Regulations regarding accounts and audit for the 2019/20 reporting year.

If you are clerk for multiple smaller authorities please accept our apologies if you receive this email more than once, these instruction emails are sent to every smaller authority for whom we act. Please note, however, that the emails are being sent out in batches over the course of this week, so if you are clerk for multiple authorities and have received this email only once, you should receive further emails over the course of the next few days.

New legislation in response to Covid-19

In response to the Coronavirus pandemic the Ministry for Housing, Communities and Local Government (MHCLG) has issued two new Statutory Instruments (SI) as follows:

- [SI 2020/392 The Local Authorities and Police and Crime Panels \(Coronavirus\) \(Flexibility of Local Authority and Police and Crime Panel Meetings\) \(England and Wales\) Regulations 2020](#) This SI will give most local authorities greater flexibility in the conduct of meetings, including allowing members to attend remotely, and for public and press access to those meetings. **Please note, however, this new legislation does not cover parish meetings so as it stands parish meetings are still required to hold physical meetings.** This SI was issued on 2 April and is effective from 4 April 2020.
- [SI 2020/404 The Accounts and Audit \(Coronavirus\) \(Amendment\) Regulations 2020](#) This SI amends the deadline by which the Annual Governance Statement and Statement of Accounts of the Annual Governance and Accountability Return (AGAR) together with any certificate or opinion issued by the local auditor must be published from 30 September 2020 to 30 November 2020. Previously there was a requirement for all smaller authorities to have a common period for the exercise of public rights, being the first 10 working days of July. **Under the new regulations there is no requirement for a common period for the exercise of public rights.** Smaller authorities are still required to set a period for this purpose, but the only requirement is that **the 30-working day period for the exercise of public rights should start on or before the first working day of September, i.e. on or before 1 September 2020.** This SI was issued on 7 April and is effective from 30 April 2020.

Our instructions and supporting documentation

As was the case last year, access to the Annual Governance and Accountability Returns (AGARs) and instructions is being provided through email links. All the relevant information and guidance is available on [this page](#) of our website. Please click on the links provided to refer to our instructions and to obtain the relevant forms and information to be provided to us with the AGAR.

Our instructions and supporting documentation for the 2019/20 reporting year have been updated to reflect the recent legislative changes. We are liaising closely with Smaller Authorities Audit Appointments Limited (SAAA) and the National Audit Office (NAO) over the resulting practical implications for smaller authorities.

Also available on the website is a recording of this year's training update and its accompanying slides with speaker notes for your reference together with the slides from the detailed training webinars that were run for 2017/18 and 2018/19. **Please note, the webinar was recorded prior to the lockdown and the resulting legislative changes so when viewing the webinar please use it in conjunction with the new legislation and our updated instructions.**

Please also note that a separate email will be sent this week to any smaller authorities with income and expenditure below £200k who have been selected as part of the 5% sample subject to intermediate review. **All smaller authorities with income or expenditure greater than £200k are automatically subject to an intermediate review** and will not receive an additional email. In this case, you must submit the information required for an intermediate review.

Contact details

Please remember that as we correspond with 99% (c. 8,700) of smaller authorities electronically it is vital that we are kept up to date with the correct contact email address to prevent unnecessary chasing and delays by ensuring all correspondence reaches the right person. Please [contact us](#) immediately to update the contact details for your smaller authority if there have been changes to the main contact person since we last communicated with you.

Signing and submitting the AGAR forms

The changes in legislation have been made in order to help smaller authorities in the performance of their duties as a result of the restrictions of movement and limitations on social contact necessary to limit the spread of the Covid-19 virus. We have been informed that there are no changes in the requirement for wet signatures on the AGAR. Our understanding is that wet signatures need to be added to the AGAR in the same order as previous years and that the AGAR will need to be passed between the relevant individuals for signature. Where individuals are self-isolating it is hoped that local assistance will be available to facilitate this.

It is important to note that if smaller authorities are able to keep to the regular reporting timetable as much as is possible and practical by making use of their ability to hold virtual meetings, they are very much encouraged to do so. We will do our best in order to ensure we play our part in enabling that to happen. Please therefore submit your documents as early as you are able to so we can complete the compliance work, subject to any challenge matters arising that may require investigation during the period for the exercise of public rights.

Submission deadline

Please note that the submission deadline for the receipt of the approved AGAR and supporting documentation or the Certificate of Exemption (as appropriate) is **Friday 31 July 2020. If you are not able to meet this deadline please contact us to arrange an alternative submission date (subject to below) to avoid incurring the administrative charges.** Non-submission will lead to chargeable chaser letters being issued (£40 plus VAT for all financially active smaller authorities). **It is important to note, however, that in a change to prior years:**

- no submission deadlines will be granted beyond 13 November;
- it will only be possible to extend submission deadlines by a maximum of 4 weeks at a time providing sufficient justification explaining the need for the extension is given;
- a statutory recommendation will be issued to all financially active non-responding authorities that fail to submit their documents by 13 November. Statutory recommendations for non-response are charged at the standard fee rate depending on the authority's expenditure banding and hence give rise to a minimum additional fee of £200 plus VAT.

IMPORTANT: If a financially active smaller authority is issued with a statutory recommendation (and/or a public interest report) for 2019/20 it will not be able to claim exemption from a limited assurance review for 2020/21, regardless of whether it meets all other criteria.

Acknowledgement of receipt of information

As in the prior year, your smaller authority will receive an automated email notifying you when either the AGAR or Exemption Certificate, as appropriate, has been logged onto the authority's record on our database. During peak times there will be a delay between receipt and logging of information, we therefore appreciate your patience as we process the submissions in the order received.

IMPORTANT: If you have a query **please do not respond to this email address.** All correspondence and submitted documentation should be sent to sba@pkf-littlejohn.com.

Kind regards

SBA Team

For and on behalf of PKF Littlejohn LLP

T +44 (0) 20 7516 2200

sba@pkf-littlejohn.com