



**Smaller Authorities' Audit Appointments (SAAA)
Opted-Out Authorities (whether “exempt” or not)
Key Messages**

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Authorities that have decided to opt out will have undertaken their own research and due diligence in making that decision. SAAA act on behalf of DCLG and councils that remain in the regime. SAAA will not provide advice or support to an opted out council who should contact their local association. Opted out councils, whether exempt or not, however, may find the following helpful.

- Opted out councils will be subject to a review to ensure that they have complied with proper procedures with regard to opting out and the appointment of auditors. This will take place January 2017
- If a council has failed to have complied with the procedures, DCLG will be informed and the Secretary of State will appoint an auditor on the council's behalf. There will be an administrative cost which will have to be met by the council, circa £200 plus vat.
- In October 2016, acting as agents for DCLG, SAAA will send a form/certificate to opted out councils seeking confirmation that they have complied with the proper procedures. As a minimum, the following information will be required:
 - The date of the council meeting when the decision to opt out was agreed and minute reference number;
 - Confirmation that the minute of the meeting has been published;
- Members of the audit committee/panel, names and contact details;
- Name of the audit firm appointed and address;
- Name of the engagement partner and contact details;
- Details of the indemnity arrangements, for example, in the event of a judicial review, that have been agreed with the auditor and the amount.
- The form must be returned to SAAA by 31 December 2016. DCLG will be informed of those opted out councils who have failed to return the form by the due date. The Secretary of State will then appoint an auditor on the council's behalf, the administrative costs having to be met by the council, circa £200 plus vat.

Appointment of Auditors

- The council must appoint an audit panel/committee in line with CIPFA guidance e.g. draw up a specification, advertise, determine appointment process and recommend to the council who should be appointed the council's "appointed auditor".
- Only firms eligible for appointment as a statutory auditor under part 2 of the Companies Act 2006 should be considered for appointment.
- In line with best practice, the audit committee/panel should determine what information they require from firms as part of the tendering process, for example:
 - Firm's financial standing,
 - Confirmation the firm has not been convicted of a criminal offence relating to the conduct of their business,
 - Confirmation the firm is not currently subject to litigation,
 - Public audit experience,
 - Understanding of the smaller bodies limited assurance regime,
 - Knowledge and experience of the Engagement Partner and Manager,
 - Insurance limits – Professional indemnity, public liability, employee liability,
 - References.