

Instructions relating to the Annual Governance and Accountability Return (AGAR)

Year ending 31 March 2025



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Key dates

Key dates for the 2024/25 reporting season	
<p>Submission deadline</p> <p>Deadline by which either a completed & approved AGAR and all applicable supporting documents or an Exemption Certificate must be submitted to us. Please submit all documentation to us via email wherever possible to sba@pkf-l.com</p> <p>If you do not have access to email, please submit the documents by post to:</p> <p>SBA Team PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD</p> <p>Please use EITHER EMAIL OR POST BUT NOT BOTH as multiple submissions unnecessarily delay the processing of information. Please submit in excel format any documents that have been prepared in excel as it saves time in checking numerical accuracy.</p> <p>If you are submitting documents by post:</p> <ul style="list-style-type: none"> • Please take a copy of all documents submitted • Please DO NOT SEND ORIGINALS • It will not be possible to return any original documents submitted for review • Please ensure the correct postage is applied to avoid delays in receipt. 	<p>Tuesday 1 July 2025</p> <p>Please email us to arrange an extension if this deadline cannot be met.</p> <p>Please note that we are only able to extend the submission deadline for exceptional reasons, and no extensions past 31 July 2025 will be given under any circumstances. Please see chapter 12 for more about submission dates.</p>
<p>Statutory common period</p> <p>The statutory common period to be included in the smaller authority’s period for the exercise of public rights – for all authorities regardless of exemption</p>	<p>Tuesday 1 July – Monday 14 July 2025</p>
<p><u>Suggested</u> period for the exercise of public rights</p> <ul style="list-style-type: none"> • If the date of the meeting at which your AGAR is to be approved falls during this period, your smaller authority will need to select a 30-day period that commences after the date of your meeting. • If the date of the meeting at which your AGAR is to be approved falls on or after 1 July, your smaller authority will have breached the legislative requirements. See chapter 9. 	<p>Tuesday 3 June to Monday 14 July 2025</p>
<p>For those authorities subject to a review only, the statutory deadline by which the AGAR Form 3 and signed external auditor report must be published by the smaller authority (this includes publishing on the smaller authority’s website).</p> <p>NB: The <i>Notice of Conclusion of Audit</i>, which will be emailed to non-exempt authorities at the end of the review process along with our External Auditor Report and Certificate, must be published at the same time.</p> <p>Exempt authorities: There is no signed external auditor report or other closure documentation issued by the external auditor for authorities who have claimed exemption from the limited assurance regime.</p>	<p>Tuesday 30 September 2025</p>

Introduction

[Smaller Authorities' Audit Appointments Ltd](#) (SAAA) was formally appointed in January 2016 as the 'person specified to appoint local auditors' under powers set out in Regulation 3 of the [Local Audit \(Smaller Authorities\) Regulations 2015](#) to perform the functions set out in legislation for smaller authorities.

PKF Littlejohn LLP is appointed to all relevant smaller authorities (i.e. local councils, including town council and parish councils, and parish meetings) in 27 contract areas for the 2022/23 to 2026/27 reporting years, as well as all internal drainage boards (IDBs) and 'other' smaller authorities (e.g. charter trustees, port health authorities, etc) in England.

The contract areas serviced by PKF Littlejohn LLP are Berkshire, Buckinghamshire, Cambridgeshire, Cheshire, Derbyshire, Devon, East Sussex, Essex, Gloucestershire, Herefordshire, Hertfordshire, Humberside & East Riding of Yorkshire, Lancashire, Greater Manchester & Merseyside, Lincolnshire, London, Norfolk, North Yorkshire, Northamptonshire, Nottinghamshire, Shropshire, Somerset, South Yorkshire, Suffolk, Surrey, West Yorkshire, Wiltshire and Worcestershire.

No smaller authorities opted out of the tender process.

Annual Governance & Accountability Return (AGAR) Forms

Non-Parish Meetings

- AGAR Form 1: to be completed and published by exempt authorities excluding parish meetings with no accounts.
- AGAR Form 1A: to be completed and published by **all smaller authorities excluding parish meetings** that are able to declare that they have had no financial transactions in the year but NOT eligible to certify itself as exempt
- AGAR Form 2: to be completed, approved and published by **exempt authorities excluding parish meetings with financial transactions during the year.**
- AGAR Form 3: to be completed, approved and published by **all smaller authorities excluding parish meetings subject to a limited assurance review**

Parish Meetings

- AGAR Form 1PM: to be completed and published by **exempt parish meetings with no accounts.**
- AGAR Form 2PM: to be completed, approved and published by **exempt parish meetings with financial transactions during the year.**
- AGAR Form 3PM: to be completed, approved and published by **all parish meetings subject to a limited assurance review.**

Guidance on completion is contained within the relevant AGAR; all forms are available [here](#).

The differences between non-parish meeting and parish meeting forms are set out in chapter 4.

Getting started

Your first step is to decide which AGAR your smaller authority should complete from the list shown above. To assist you, we have provided a decision tree on our [website](#) which will help ensure that you complete the correct AGAR and send us the correct information. **Please do not complete more than one AGAR form, since only one can be relevant to your smaller authority.**

Once complete, please submit the relevant documents to us by **1 July 2025** so that we may discharge our responsibilities as appointed auditors under the [Local Audit and Accountability Act 2014](#) (the Act). Wherever possible please submit your documents **by email only** and please submit in excel format any documents that have been prepared in excel as it saves time in checking numerical accuracy and often some text is hidden when sent as a pdf.

You must [contact us](#) as soon as possible if you are unable to meet this submission deadline. Please see chapter 12 of these instructions for details of the additional charges that apply if we have to issue chaser letters for non-response by the submission deadline.

Useful documents and guidance

Included in the [important documents page](#) and the [submission requirements page](#) you will find other useful information, guidance and links to standard templates to assist with your submission:

- electronically enabled and printable ‘paper’ PDF versions of the AGAR forms (either version is acceptable in colour or black & white).
- Practitioners’ Guide: For further guidance, please refer to ‘*Governance and Accountability for Smaller Authorities in England*’. The 2024 Practitioners’ Guide is available on our [website](#). Whilst the 2024 guide was the guide in force for 2024/25, early adoption of the 2025 Guide is permitted. The Practitioners’ Guide is jointly published by ADA, NALC and SLCC and is available free of charge via each website, www.ada.org.uk, www.nalc.gov.uk or www.slcc.co.uk.
- PWLB loan balances as at 31 March 2025 – please refer to the Year End Values for 31 March 2025 when completing Box 10. This will be available on our website from April 2025.
- fee scales set by SAAA.
- copies of the proforma templates referred to in these instructions.
- SAAA’s flowchart to summarise the AGAR process. There is one for parish meetings and one for all other smaller authorities.

If you have any queries about completing the AGAR forms please contact either your [local county association](#); the [Society of Local Council Clerks](#); or the [Association of Drainage Authorities](#).

Completion of the electronically enabled AGAR forms

The electronically enabled AGAR forms have been designed by SAAA to be opened and completed in **Adobe Acrobat Reader** only – this is a free programme which can be downloaded [here](#). The forms will not work in other PDF reader programmes.

Completion tips:

- General: The printable ‘paper’ PDF versions are not designed to be completed electronically but simply to be printed off and completed by hand. If you are having issues whilst using the free software, please check that you have downloaded the correct version of the AGAR from our website.
- If you are responsible for multiple councils or wish to clear the form for any other reason to start anew, please press **Ctrl+F5** on your keyboard.
- General: **Electronic signatures are not permitted**

Parish Meetings only

Differences between non-parish meetings and parish meeting requirements

AGAR Forms 2PM and 3PM

- There is no requirement for responses in respect of trust funds on the parish meeting AGAR forms.
- Annual Internal Audit Report (AIAR): internal control objectives 'G', 'L' and 'O' have been intentionally omitted from AGAR Forms 2PM and 3PM.

Signing of the AGAR

- The signature boxes reflect that a signature is required by the Chair alone for parish meetings.
- Parish meetings with no chair: The supplier audit firms, via the National Audit Office, have received legal advice which indicates that it is not lawful for monitoring officers of the precepting authority to sign off the relevant AGAR forms for parish meetings with no elected Chair. If these instructions are being read by a monitoring officer in such a situation, please [contact us](#) to discuss the next step. Where possible, please attempt to contact a member of the parish meeting to enable the parish meeting to comply with its statutory requirements.
- A parish meeting is required to meet annually between 1 March and 1 June (parish meetings only); however, the AGAR forms must be approved after the financial year end of 31 March 2025 there is therefore a mismatch between the requirements of the legislation. If the only scheduled meeting for your parish meeting is in March 2025, a second meeting must be convened to approve the AGAR after the year end and before the statutory deadline of 30 June 2025.

Publication of information on the smaller authority's website

- Parish meetings with a website: Parish meetings with websites must follow the publication rules for all other smaller authorities.
- Parish meetings without a website: Where a parish meeting does not have a website the publication requirements are slightly relaxed. In these circumstances, section 2(5b(ii)) of the [Accounts and Audit Regulations 2015](#) applies, which states that "*Any reference in these Regulations to publication on an authority's website must be construed as displaying the information in question in a conspicuous place in the area of the authority for at least 14 days.*"

Exemption criteria

All smaller authorities (including those claiming exemption) are required to complete and approve an AGAR and provide for public rights.

Authorities wishing to claim exemption from a limited assurance review for 2024/25 must meet the following criteria as set out in [section 9 of the Local Audit \(Smaller Authorities\) Regulations 2015](#):

- total gross income* and total gross expenditure below £25k; **and**
- no public interest report/statutory recommendation/advisory notice/judicial review/application to court re unlawful item of account issued by its external auditor** for the 2023/24 year; **and**
- the relevant financial year is not one of the first three years of the authority's existence, hence if claiming exemption for 2024/25 that means the authority must have been in existence since at least 1 April 2021.

* Total gross income includes **all** income received during the year, e.g. precept or rates & levies, grants, loans, community infrastructure levy (CIL), VAT refunds, donations, fees & charges, etc.

** Where the external auditor has only raised 'except for' or 'other' matters in the External Auditor Report and Certificate for 2023/24 this **does not** preclude a smaller authority from certifying itself exempt from our review.

Appendix 2 also highlights common misunderstandings in this area.

Wrongful claims for exemption

Where information comes to our attention in future periods that a smaller authority did not meet the exemption criteria for a year where it was claimed as it had either income and/or expenditure in excess of £25,000, a public interest report will be issued using our powers in the year the breach is discovered.

Signing and approval of the exemption certificate

The exemption certificate included within the AGAR Form 2 and AGAR Form 2PM must be **signed after a resolution** by the authority that it meets the criteria for 2024/25 and wishes to claim exemption for that year (i.e. not subject to our limited assurance review). Smaller authorities claiming exemption must also include the minute reference and the date the decision was made on the exemption certificate.

The **exemption certificate must be published*** on the authority's website, before 1 July 2025 and a copy of the certificate should be [emailed to us](#) by that date to avoid chaser letter charges.

* see chapter 4 for the publication requirements for parish meetings.

Closure documentation

There is no external auditor report and certificate issued to authorities claiming exemption from a limited assurance review. If you submit a valid 2024/25 exemption certificate, no closure documentation will be issued by us for 2024/25.

Where an authority successfully claims exemption for 2024/25, unless we receive any correspondence from local electors during the period for the exercise for public rights that requires us to contact you, you will not hear from us again this year, except to chase any outstanding fees.

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Signing and approval of the AGAR Forms 2 and 3

See appendix 1 for common issues arising in 2023/24

Annual Governance Statement (AGS) – Section 1

The smaller authority must carry out a review of the effectiveness of the system of internal control and prepare the AGS. At the approval meeting, following the review, the smaller authority must:

- consider the findings of the review by the members meeting as a whole; and
- approve the AGS by resolution **in advance** of approving the Accounting Statements.

Please review the wording of all the assertions in Section 1, the AGS, and refer to the [Practitioners' Guide](#), which states exactly what a 'Yes' response means in line with proper practice, prior to confirming compliance.

Those assertions that state 'during the year' may refer to arrangements in respect of the 2023/24 AGAR. Please therefore ensure that any matters raised on the external auditor report in the prior year are considered and, where appropriate, reflected in the 'Yes' or 'No' responses provided.

Where the authority has answered 'No' to any assertions on Section 1, as stated on the face of Section 1 of the AGAR, a sufficiently detailed explanation of the reasons must be:

- provided to the external auditor when submitting the AGAR; AND
- published with the AGAR on the authority's website.

The AGS **must** be approved prior to the Accounting Statements, either at separate meetings or in the same meeting but with the correct order of business on the agenda and this must be evidenced by the meeting minute references and/or dates.

Accounting Statements – Section 2

The responsible financial officer (RFO) must sign and date the Accounting statements **before** it is presented to the smaller authority for approval. At the approval meeting, the smaller authority must, **in the following order**:

- a. consider the Accounting Statements by the members meeting as a whole;
- b. approve the Accounting Statements by resolution; and
- c. ensure the Accounting Statements are signed and dated by the person presiding at the meeting at which that approval is given.

Approval dates

The latest date by which the 2024/25 AGAR must be approved is 30 June 2025 as the latest date for the period for the exercise of public rights to commence is 1 July 2025.

Our submission date has been set as 1 July 2025.

AGAR Form 3, Section 3 – the external auditor report and certificate

The [National Audit Office](#) (NAO) issues the auditor guidance that we are required to follow when carrying out our limited assurance review, Auditor Guidance Note 2 (AGN02) is available on their website.

We must report any errors on the AGAR or digressions from ‘proper practice’, as dictated by the Practitioners’ Guide and the guidance notes on the AGAR, as ‘except for’ matters.

Please ensure that care is taken to review the completed AGAR and supporting documentation closely before submission. Please also see the common errors we encounter set out in **Appendix 1** to these instructions.

Publication of the Notice of closure

There is no timescale specified in the statute and regulations for the length of time for which the Notice of closure must be published and no requirement for it to be publicly accessible for 5 years like there is for the AGAR and our report and certificate. It is worth noting that the ‘old’ rules required the Notice to be published for 14 days but it is up to the smaller authority to make this decision.

Annual internal audit report (AIAR)

Although the Regulations do not specify a date by which the AIAR must be completed, the review of effectiveness of the system of internal control by the smaller authority and the completion and approval of the Annual Governance Statement should both consider the system of internal audit that has been in place **during the year under review**.

The smaller authority will ideally need to consider the internal audit work performed and internal audit arrangements in place between 1 April 2024 and 31 March 2025 **before** confirming compliance with assertions 2 and 6 but it is not a statutory requirement.

If the date of the AIAR is after the date of the AGS, then we will look at last year's AIAR date to ensure that the internal audit review occurred between 1 April 2024 and 31 March 2025, i.e. **during** the year (as specified in the wording of assertion 6).

The AIAR **is not covered by our limited assurance opinion**, but the Smaller Authorities' Proper Practices Panel (SAPPP) requires that it is included in the list of documents to be submitted to the external auditor for their review of an AGAR Form 3.

Please refer to the Practitioners' Guide for 2024/25 which includes guidance as to what is expected from an internal audit perspective in respect of each of the internal control objectives.

Public rights

If your smaller authority had financial transactions in the year, you **must** arrange for the exercise of public rights **irrespective of whether your authority is claiming exemption from a review**.

You are asked to give a public assurance in assertion 4 of the Annual Governance Statement (AGS) that you have done this in accordance with statutory requirements. This assurance refers to the arrangements **during 2024/25**, i.e. in relation to the 2023/24 AGAR. Please see **Appendix 4** where we have set out common errors in respect of providing for public rights.

The statutory requirements for 2024/25 are as follows:

- The smaller authority must inform the electorate of a single period of 30 working days during which public rights may be exercised, by publishing the relevant Notice and Sections 1 & 2 of the approved AGAR **at least the day before** the period for public rights commences.
- The Notice **must not be** dated the same date as the first day of the 30 working days.
- Publishing means inclusion **on the authority's website***. Publication on a notice board is not mandated but is good practice;
- The inspection period must include the first 10 working days of July, i.e. 1 to 14 July inclusive this year. In practice this means that public rights may be exercised:
 - at the earliest, between Tuesday 3 June and Monday 14 July 2025; and
 - at the latest, between Tuesday 1 July and Monday 11 August 2025.
- If the period chosen does not comply with these statutory requirements above, we must report as such in Section 3 of the AGAR.
- The period for the exercise of public rights should be **exactly** 30 working days in length

* See section 4 for publication requirements for parish meetings without a website.

Setting the period for the exercise of public rights

There are different Notices for those claiming exemption and those not; we have provided proforma templates on our [website](#) with a suggested inspection period. All authorities subject to a review must inform us as external auditor of the 30-working day period chosen whether it is our suggested period or alternative dates. The period must be **exactly** 30 working days, please do not set public rights dates that cover a longer period. Please ensure the AGAR has been approved by the smaller authority prior to the period commencing. The period we have suggested is between **Tuesday 3 June and Monday 14 July 2025** but if you are submitting an AGAR Form 3 or 3PM and these dates are not appropriate for your smaller authority, please notify us of the dates you have chosen when submitting your documentation for review.

If an 'other' matter was raised on the external auditor report for 2023/24, the smaller authority must follow the instruction set out in that other matter when answering assertion 4 of the 2024/25 AGS.

Guidance for electors and other interested parties entitled '*Local authority accounts: a guide to your rights*' explains provisions 25, 26 and 27 of the Local Audit and Accountability Act 2014 and is available on [our website](#). This **must** be published alongside the notice of public rights.

Notifying us of the period for the exercise of public rights (authorities subject to review only)

Whilst it is the responsibility of the smaller authority to set the period for the exercise of public rights, when submitting your AGAR Form 3 and associated documentation, you **must** either confirm to us that the suggested dates have been adopted or inform us of the alternative dates selected. We have therefore also provided a proforma for you to complete and submit to us to enable you to meet this requirement of the Regulations.

Documentation to be submitted with the AGAR Form 3

If your smaller authority is **subject to a limited assurance review**, please **only email us** the documents listed below. Links to all the proforma templates can be found [here](#). Where [proforma templates](#) are provided we do not require the information to be provided on the proformas if the same information can more conveniently be provided in your own format.

It is important that you only [send](#) us the information that we have requested and **do not send us originals**. Any information received that has not been requested will not be reviewed and will not be sent back. **Please submit in excel format** any documents that have been prepared in excel as it saves considerable time in checking numerical accuracy and often some text is hidden when sent as a pdf.

Please **ensure that all documents are labelled with the smaller authority's name** and, for local councils and parish meetings, the county area as well:

- a fully completed and approved AGAR Form 3 with Section 1 approved before Section 2; and
- the completed form confirming the **dates planned for the provision for the exercise of public rights**; and
- a **bank reconciliation** showing how the cash balance in Box 8 is arrived at (example and proforma provided). [NB: some 'other' smaller authorities may not have their own bank accounts, in which case a letter from the Section 151 officer of the lead authority stating the amount of cash held on behalf of the smaller authority is required in lieu of a bank reconciliation]; and
- a **full narrative and numerical explanation of any 'significant' variances** between the current and prior Accounting Statements. Explanations for variances of £100,000 or more are required regardless of the percentage variance between years; and
- for those smaller authorities preparing accounts on an income and expenditure basis* only, a **reconciliation between Boxes 7 and 8 of Section 1 of the AGAR** (proforma provided); and
- the AIAR – this is the single page form included within the AGAR Form 3; and
- **where the internal auditor has answered 'No'/'N/A'/'Not covered' to any objectives** on the AIAR, an explanation for those answers
- **where the internal auditor has referred to a separate report** on the annual internal audit report, a copy of that report. Please note a separate internal audit report is **only** required to be submitted if the internal auditor answers 'No' to any of the internal control objectives on the annual internal audit report or if the income/expenditure exceeds £2m ; and
- **where the authority has answered 'No' to any assertions** on Section 1, a detailed explanation of the reasons (NB: these must also be published with the AGAR); and
- any **further information we have requested** (see chapter 11 of these instructions for additional information **for intermediate level procedures**); and
- **for IDBs only:** a copy of the **Section 48 notice, together with a reconciliation** and explanations from the notice to the amount stated in Section 2, Box 2 of the AGAR if these two figures are not the same (**for those smaller authorities that are internal drainage boards only**); and
- **if your declaration in respect of trust funds has changed** from the prior year, please include an explanation for us when submitting your return (**local councils only**)

* Current rules require smaller authorities where the gross income or expenditure for the year (whichever is the higher) has exceeded the threshold of £200,000 for a period of three continuous years, to report their financial details on an income and expenditure basis, from the third year onwards. The receipts and payments basis (i.e. cash accounting basis) may only be used by smaller authorities consistently below this threshold.

REMINDER: Submission deadline is **Tuesday 1 July 2025**.

Intermediate level review procedures

a) If either your total gross income or expenditure is greater than £200,000 then your smaller authority **automatically** meets the requirements for an intermediate level review.

b) In addition to a), external auditors are required to select a **random sample each year of up to 5%** of smaller authorities for intermediate level review procedures who would otherwise be subject to basic level review procedures. If your smaller authority is selected for intermediate level procedures as part of the 5%, you will have been informed via a separate email.

Please note:

- your authority will **not** be charged an additional fee for the additional work we undertake.
- **if an authority claiming exemption is chosen as part of the 5% sample, it will NOT be subject to either a basic or intermediate review once it has submitted its exemption certificate.**

IMPORTANT: If your smaller authority has been identified as requiring intermediate level review procedures as a result of the criteria in either a) or b) above, you **must** submit the following information, in addition to the basic level review information listed in chapter 11 of these instructions:

- a copy of the relevant **minutes and agenda papers** from the meeting at which the annual **review of risk management arrangements** during 2024/25 was discussed *
- if the 2023/24 external auditor report included any 'except for' matters, copies of minutes and any agreed plan showing the corrective action taken to address these matters; and

* Please note that the wording of Assertion 5 indicates that the smaller authority as a whole must maintain an overview of the arrangements on an annual basis. Thus, it is the full authority review of risk management arrangements that we need to see evidence of, rather than evidence of individual risk assessments in place, for play areas for example, which in a large smaller authority (e.g. a large town council) would usually be delegated to a committee or officers for the 'day-to-day' operational management of risk.

This is the wording in relation to the assertion from the Practitioners' Guide:

Assertion 5 — Risk management

We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.

In order to warrant a positive response to this assertion, the authority needs to have the following arrangements in place:

1.32 Identifying and assessing risks — The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.

1.33 Addressing risks — Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include the introduction of internal controls and/or appropriate use of insurance cover.

1.34 Supporting information on risk management can be found in Section 5.

For authorities with income or expenditure exceeding £2,000,000 please refer to page 15 for the additional information to submit

Authorities with income or expenditure exceeding £2,000,000

If the authority has income or expenditure of more than £2,000,000 the following additional information must be provided:

- copies of **year end bank statements** to support the bank reconciliation (only one page per account showing the balance as at the close of business on 31 March 2025);
- the detailed internal audit report(s) regardless of whether there were issues or recommendations raised, together with evidence that demonstrates that any recommendations made have been addressed (see Practitioners' Guide 2024 Paragraph 1.35);
- evidence that the authority has considered the independence of the internal auditor in the period 1 April 2024 to 31 March 2025 (see Practitioners' Guide 2024 Paragraphs 1.35 and 4.9 to 4.11);
- evidence that the authority has considered and agreed the internal audit programme of work, having regard to the authority's identified risks (see Practitioners' Guide 2024 Paragraphs 1.35, 4.12 and 4.13); and
- evidence that when appointed, the authority satisfied itself with regard to the competence of the internal auditor and agreed a letter of engagement (see Practitioners' Guide 2024 Paragraphs 1.35, 4.12 and 4.13), e.g. minutes of the meeting where competence and the appointment was considered and the signed letter of engagement or the minutes of meeting where the engagement letter was agreed.
Please note this information is only required if there has been a change in the appointed internal auditor since the information previously submitted in prior years

The AGS assertions indicate the various governance arrangements **that cannot be delegated away from the whole authority**, i.e. the members collectively approve the responses based on the supporting papers and discussion for each assertion.

REMINDER: The default submission deadline is **Tuesday 1 July 2025**.

Fees

Your fee for the work undertaken by us as your external auditor is determined by the [scale of fees](#) for smaller authorities set by SAAA for the five years from 2022/23 to 2026/27.

An administration charge of £40, plus VAT, will apply if we issue chaser letters to financially active authorities that fail to meet their submission deadline.

Where we have to issue statutory recommendations or public interest reports in respect of a failure to provide an AGAR, each of these attract the standard fee for a limited assurance review, based on the income and expenditure bandings for the last known previous year, i.e. a minimum of £210 plus VAT for each.

Non-responders – fees and consequences

Submission deadlines

Every year we encounter significant difficulties with authorities failing to submit their documentation by the submission deadline. The default submission deadline for the receipt of required documentation is **Tuesday 1 July 2025**. If you need to agree an alternative submission deadline (subject to below) please [contact us](#) before the default submission deadline passes to avoid incurring the administrative charges.

Non-submission by the agreed date will lead to chargeable chaser letters being issued (£40 plus VAT for all financially active smaller authorities). See also **Appendix 3** for examples of the impact on fees for non-responders.

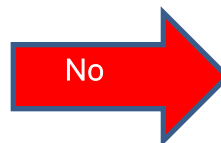
It is important to note that:

- no submission deadlines will be granted beyond 31 July 2025;
- it will only be possible to extend submission deadlines by a maximum of 4 weeks to 31 July 2025 provided sufficient justification explaining the exceptional 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 15 September. 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 £210 plus VAT.
- **IMPORTANT:** If a financially active smaller authority is issued with a statutory recommendation (and/or a public interest report) for 2024/25 it will not be able to claim exemption from a limited assurance review for 2025/26, regardless of whether it meets all other criteria.

Is the smaller authority able to submit either their signed AGAR and supporting documents or exemption certificate by the specified submission date?



Please complete all documentation and send it us by
1 July 2025



Contact us at sba@pkf-l.com to arrange an alternative submission date (subject to the conditions set out above)

Electronic communication

As stated throughout these instructions, our preferred form of communication with all smaller authorities is email. Internet communications are however capable of data corruption and therefore we do not accept any responsibility for changes and corruptions made to such communications after their despatch. We do not accept responsibility for any errors or problems that may arise using internet communication and all risks connected with sending sensitive information relating to the smaller authority are borne by you.

If you do not agree to accept this risk, you should notify us in writing that email is not an acceptable means of communication. Although we take steps to prevent viruses affecting emails and attachments sent by us, it is your responsibility, as the recipient, to carry out a virus check on any attachments received.

Quality of service

If you wish to comment on the service we have provided there is a [satisfaction survey](#) available on our website for where you can leave feedback about your experience. The questions in the survey assume you are providing feedback after your review has been concluded or once you have notified us of your claim for exemption.

We welcome comments on our service delivery and would ask that, in the first instance, you raise any issues regarding our service with the Engagement Lead dealing with your authority, via the sba@pkf-l.com email address. Where the Engagement Lead has been unable to resolve any issues to your satisfaction, or you do not consider it appropriate to raise the issue with the Engagement Lead, please let us know by addressing your concerns to the Contact Partner also via sba@pkf-l.com; the Contact Partner has ultimate responsibility for our SAAA appointments. If you do not consider it appropriate to raise the issue with the Contact Partner or if you are not satisfied with the response you receive from the Contact Partner, please refer the matter to the Firm's Managing Partner, Dominic Roberts, via droboterts@pkf-l.com.

We undertake to investigate any complaint carefully and promptly and to do all we can to explain the position to you. If we have given you a less than satisfactory service, we undertake to do everything reasonable to put it right. If you consider that we have not dealt adequately with your complaint, you may refer the matter to [SAAA](#); however, before doing so please review the relevant [guidance](#) on the SAAA website to ensure SAAA has the authority to deal with the nature of the matters you wish to raise. You may also refer the matter to the Institute of Chartered Accountants in England and Wales, which has the power to investigate complaints against its members.

Independence

It is an important part of the process that we are independent and are seen to be independent of the smaller authority. We have put in place procedures which are designed to ensure that this is the case but if you or any of your Members believe that there is a conflict of interest which prevents us being independent, we should be grateful if you would advise us by email to sba@pkf-l.com.

Final checklist

We look forward to receiving **either** the 2024/25 exemption certificate for your smaller authority **or** the AGAR Form 3/3PM and the additional information we have requested by **Tuesday 1 July 2025**

Please submit all documentation by **email only** wherever possible to prevent unnecessary delays in dealing with multiple submissions. **Please submit in excel format any documents that have been prepared in excel as it saves time in checking numerical accuracy.** If email is not possible, please refer to chapter 1 of these instructions for our postal address.

PLEASE:

- **DO NOT POST US COPIES OF INFORMATION THAT YOU HAVE ALREADY EMAILED TO US.**
- **DO NOT SUBMIT ORIGINALS.** It is not possible to return any hard copy documents submitted.
- **Submit any documents prepared in excel in an excel format as it saves considerable time in checking numerical accuracy and often some text is hidden when sent as a pdf**

Please ensure that you do the following:

- refer to our decision tree to ensure you have completed the correct AGAR form;
- include the **smaller authority's name and county area** (for local councils and parish meetings) on all documents submitted;
- read the appendices to these instructions which set out common errors and general misunderstandings we regularly encounter;
- **keep a copy** of everything that you send us for your own records;
- complete and return the **contact details** form, to enable us to keep our records up to date. **This is especially important if there are any changes in personnel,** and
- if submitting by post please use the **correct postage**, e.g. a 'large' letter (larger than A5 or thicker than 5mm) requires additional postage in the form of a 'large letter' stamp. Failure to apply the correct **postage** may result in delays in us receiving your completed AGAR and therefore our subsequent review.

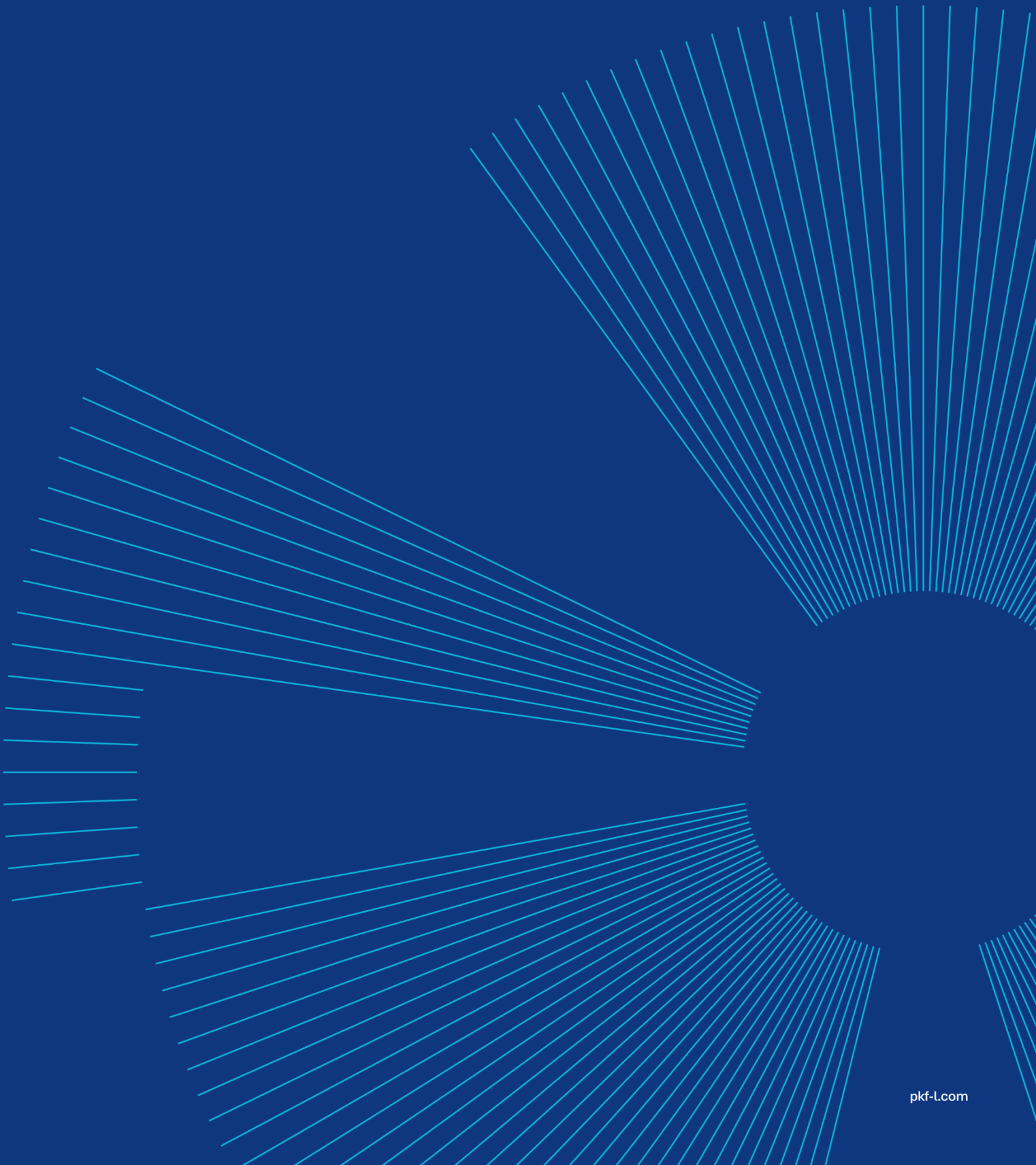
What you can expect from us

- You should receive an automated 'do not reply' acknowledgement email when your AGAR has been logged onto our database (there may be a delay between receipt and processing on the database during peak times);
- Authorities claiming exemption will be reminded in that automated 'do not reply' acknowledgement email that their notification of exemption means there will be no certificate issued by us for that reporting year;

Where an AGAR Form 3/3PM is submitted for review, we may need to contact you for further explanations and/or information as we carry out our review. If no further information is required, we will email you again when our work is complete.

Appendix 1

Common errors made by smaller authorities - general



Appendix 1 – Common errors made by smaller authorities - general

Most common issues 2024/25

Issue	Auditor comments
1. Previously The Practitioners' Guide was silent on the treatment of refunds and reimbursements leading to inconsistent treatment.	The Practitioners' Guide 2024/25 clarifies the correct treatment.
2. Some smaller authorities are not considering our prior year reporting issues when completing the AGAR, both in terms of amendments required to figures and repeat of approval errors for example	Where there are matters that have an ongoing effect we are required to raise 'except for' or 'other' matters in the current year.
3. Documents prepared in excel are being sent in pdf form rather than their original excel format.	<p>Text is often hidden in pdf versions of excel documents meaning we need to contact authorities to resubmit, hence causing unnecessary delays.</p> <p>In addition, the pdf format removes our ability to check the formulae applied to the figures reported so we need to recalculate the mathematical accuracy manually adding unnecessary time to our reviews.</p> <p>Please could you submit all documents prepared in excel to us in an excel format.</p>
4. Assertion 4 not being ticked 'No' despite the authority being advised to do so in our prior year report due to public rights period not having been compliant with Regulations.	This generates a common 'except for' matter that is avoidable if the instructions in our prior year report are followed.
5. Public rights period not being compliant with Regulations (submission date changes do not impact on the requirement to comply)	Please see Appendix 4 .
6. Staff costs are commonly misclassified between Boxes 4 and 6.	The Practitioners' Guide includes guidance in this respect. This is available on our website and clarifies what should be reported in each box.
7. We are still finding some self-employed clerks.	Authorities MUST be registered as employers with HMRC by law if they have any paid officers or staff.
<p>8. Narrative <u>AND</u> numerical explanations of variances are often not submitted.</p> <p>There is also a lack of correlation of movements in Boxes 3/6/9 re asset additions and disposals.</p>	<p>This is the most common reason we need to contact clerks during review process so that they avoid reporting matters being raised.</p> <p>Variances of £100,000 and above now require an explanation regardless of the percentage variance.</p>
9. Intermediate documents are frequently not submitted with the AGAR	All authorities over £200k and a selection of 5% of those below are subject to an intermediate review each year. Every

Issue	Auditor comments
	year a high proportion of authorities subject to intermediate review fail to send the additional documentation.
10. Comparatives not being restated when there is a change in either policy or presentation.	<p>This commonly applies to asset revaluations or a change in accounting basis between receipts & payments and income & expenditure.</p> <p>Failure to restate the comparatives on a basis consistent with the current year figures results in an 'except for' matter being raised within our opinion.</p>
11. VAT debtors being incorrectly recognised in Box 3 for authorities on a receipts and payments basis.	These often arise as bank reconciliation and Box 7-8 reconciliation errors. Where an authority accounts on a receipts and payments basis it should only account for the VAT receipt when it is physically received .
12. Incorrect reconciling items between Boxes 7 and 8 – e.g. loans/deferred income.	Several loans have been highlighted in this way. This reconciliation applies to authorities using the income and expenditure basis only and should reconcile this basis with the cash position as shown in Box 8.
13. Trust fund disclosure responses not accurate (all Sections).	This area of the form is generally poorly answered, guidance is provided on the form.
14. Incorrect omission of items when calculating total income and expenditure for exemption certificate, e.g. loans received/grants received and spent in year/non-precept income/expenditure from reserves.	As set out in chapter 5, where smaller authorities claim exemption but we discover in a subsequent reporting year that the authority was not eligible to do so as their income and/or expenditure for the relevant year exceeded £25,000, a public interest report will be issued.
15. Change of clerk/email address not notified to us.	<p>The consequences of us not having the correct contact information on our system are huge. If we are not provided with the correct contact details the instructions will be issued to the wrong person. This can result in chaser letters being sent to the wrong person and charges incurred in error.</p> <p>It is common for former clerks to not pass on correspondence that comes to them and the issue can be left undiscovered, for months. Please can we ask that authorities use the contact details forms on our website (or email us separately) to help us maintain the accuracy of our contact database.</p>

Appendix 2

Common misunderstandings over the rules for claiming exemption

Appendix 2 – Common misunderstandings over the rules for claiming exemption

Below are some common misunderstandings in respect of the exemptions from the requirement to have a limited assurance review that we have experienced since the new legislation was introduced for the 2017/18 reporting season.

Issue	Auditor comments
Some smaller authorities do not hold a meeting to formally approve their exemption certificate, instead they simply sign and submit the form.	Without a formal meeting of the authority there is no legal decision taken by the authority to claim exemption. Please note an incomplete exemption certificate will not be accepted.
Some smaller authorities in the under £25,000 income and expenditure band do not realise if they do not exempt themselves that there is a standard fee of £210 plus VAT applicable for the review performed.	<p>Since 2017/18 all limited assurance reviews are subject to a standard charge, even those for authorities in the under £25,000 fee band.</p> <p>The standard fees for the reviews performed are published on the SAAA website here</p>
Some smaller authorities claiming exemption do not realise they need to notify the appointed auditor that they have claimed exemption, resulting in the auditor issuing chasing letters for which there is a standard fee of £40 plus VAT.	<p>All smaller authorities need to communicate with their appointed auditors by the submission deadline for every reporting year, either to notify them of their claim for exemption or to submit the completed AGAR Form 3 and supporting documentation for review.</p> <p>Failure to report to the appointed auditor by the submission deadline will result in chaser letters being issued and the SAAA charges being applied.</p> <p>Even authorities claiming exemption will be subject to letter charges if they have not notified their appointed auditor by the submission deadline.</p> <p>Details of charges are on the SAAA website here.</p> <p>Please see chapter 12 in respect of the process for administering submission deadlines</p>
Some smaller authorities believe if their External Auditor Report and Certificate for the prior year had any points raised as ‘except for’ matters or ‘other’ matters that they were not eligible to claim exemption.	<p>An ‘except for’ matter or an ‘other’ matter raised in the prior year report has no impact on a smaller authority’s ability to claim exemption. The only reports issued by the appointed auditor to a smaller authority that prevent a claim for exemption are those issued in respect of the prior year as listed below:</p> <ul style="list-style-type: none"> • public interest report; • statutory recommendation; • advisory notice; • judicial review; or • application to court re unlawful item of account.

Issue	Auditor comments
<p>Many smaller authorities claiming exemption complain to us and SAAA about not receiving their External Auditor Report and Certificate.</p>	<p>Once a smaller authority has claimed exemption from a limited assurance review and notified the appointed auditor, there is no External Auditor Report and Certificate to issue. The receipt of the notification of exemption marks the end of the process for that reporting year.</p> <p>Whilst the smaller authority can exempt itself from having to have a review, the appointed auditor is still obliged to receive and act upon challenges raised by local electors in respect of exempt authorities in the same way as it is for non-exempt authorities (see also chapter 9).</p>
<p>One claim for exemption means the smaller authority has no need to communicate with the appointed auditor again.</p>	<p>Claims for exemption can only be made after 31 March of each relevant reporting year considering:</p> <ul style="list-style-type: none"> • the smaller authority's level of financial activity for that year; and • any statutory reports issued in respect of the prior year.
<p>Some smaller authorities were being advised that if they had failed to publish the necessary documentation in respect of providing for the exercise of public rights on their website that they could not claim exemption.</p>	<p>The criteria for claiming exemption is not related to whether the smaller authority has correctly provided for the exercise of public rights.</p>

Appendix 3

Fee implications for non-responders using submission date 1 July 2025

Appendix 3 – Fee implications for non-responders using submission date 1 July 2025

We have set out below a few scenarios showing the impact on the fees and charges for a non-responding smaller authority.

A. Complete lack of response:

Timing	Action	Consequence
1 July	Smaller authority fails to submit an AGAR or exemption certificate	<ul style="list-style-type: none"> Smaller authority identified as a non-responding authority
15 July	Still no response – auditor issues chaser 1 letter	<ul style="list-style-type: none"> Fee of £40+VAT charged
5 August	Still no response – auditor issues first formal chaser	<ul style="list-style-type: none"> Second fee of £40+VAT charged
15 September	Still no response – auditor issues statutory recommendation for non-response	<ul style="list-style-type: none"> Standard fee in accordance with the <u>prior year's</u> income/expenditure banding, (minimum of £210+VAT) charged on top of 2 chaser fees. Smaller authority <u>will not be able to claim exemption from a limited assurance review for 2025/26</u> regardless of whether it meets all other criteria.
7 October	Still no response – auditor issues public interest report	<ul style="list-style-type: none"> Standard fee charged in accordance with the <u>prior year's</u> income/expenditure banding (minimum £210+VAT)

If after receiving the public interest report the smaller authority subsequently submits an AGAR Form 3/3PM and documentation for review, a further standard charge will be made in accordance with the income/expenditure bandings.

B. Smaller authority submits AGAR Form 3/3PM for review after being chased for information

Timing	Action	Consequence
1 July	Smaller authority fails to submit an AGAR or exemption certificate	<ul style="list-style-type: none"> Smaller authority identified as a non-responding authority
15 July	Still no response – auditor issues chaser 1 letter	<ul style="list-style-type: none"> Fee of £40+VAT charged
5 August	Still no response – auditor issues first formal chaser	<ul style="list-style-type: none"> Second fee of £40+VAT charged
15 September	Still no response – auditor issues statutory recommendation for non-response	<ul style="list-style-type: none"> Standard fee in accordance with the <u>prior year's</u> income/expenditure banding, (minimum of £210+VAT) charged on top of 2 chaser fees. Smaller authority <u>will not be able to claim exemption from a limited assurance review for 2025/26</u> regardless of whether it meets all other criteria.
16 September	Auditor receives completed AGAR Form 3 and supporting documentation for review.	<ul style="list-style-type: none"> On conclusion of the review a standard fee is charged in accordance with the income/expenditure banding (minimum £210+VAT) Any fees for additional work are charged at the rates published on the SAAA website

C. Smaller authority claims exemption after being chased for information

Timing	Action	Consequence
1 July	Smaller authority fails to submit an AGAR or exemption certificate	<ul style="list-style-type: none"> Smaller authority identified as a non-responding authority
15 July	Auditor issues chaser 1 letter	<ul style="list-style-type: none"> Fee of £40+VAT charged
5 August	Auditor issues first formal chaser	<ul style="list-style-type: none"> Second fee of £40+VAT charged
6 August	Auditor received exemption certificate from smaller authority	<ul style="list-style-type: none"> The smaller authority must settle the £80+VAT charges in respect of 2 chaser letters issued. The review year is closed. There are no certificates or other closure documents issued for exempt authorities.

D. Smaller authority agrees revised submission deadlines throughout the season but fails to submit their documents by 15 September

Timing	Action	Consequence
1 July	Smaller authority fails to submit an AGAR or exemption certificate but contacts us to agree revised submission dates of 31 July.	<ul style="list-style-type: none"> Smaller authority classified as a non-responding authority with documentation noted as not yet due
15 July	None	<ul style="list-style-type: none"> No chaser letter issued as revised submission date has not passed Smaller authority avoids incurring administrative costs of £40+VAT
31 July	Smaller authority fails to meet revised submission deadline	<ul style="list-style-type: none"> Smaller authority identified as a non-responding authority with documentation overdue
1 August	Auditor issues chaser 1 letter	<ul style="list-style-type: none"> Fee of £40+VAT charged
22 August	Still no response – auditor issues first formal chaser	<ul style="list-style-type: none"> Second fee of £40+VAT charged
15 September	Smaller authority still fails to submit an AGAR or exemption certificate	<ul style="list-style-type: none"> None
15 September	A statutory recommendation issued for non-response as the smaller authority is 2.5 months late in submitting its documents	<ul style="list-style-type: none"> Standard fee in accordance with the <u>prior year's</u> income/expenditure banding, (minimum of £210+VAT) charged on top of any chaser fees. Smaller authority <u>will not be able to claim exemption from a limited assurance review for 2025/26</u> regardless of whether it meets all other criteria.
Smaller authority either then submits the required documentation for review, claims exemption or receives a public interest report as above		<ul style="list-style-type: none"> Consequences as set out in examples 1-3

Appendix 4

Common errors in respect of public rights dates

Appendix 4 – Common errors in respect of public rights dates

Issue	Implication for external auditor report in the current year
1. General confusion about which year the AGS Assertion 4 is referring. For example, for AGS assertion 4 in the 2024/25 AGAR requires a response in respect of the year from 1 April 2024 to 31 March 2025, hence the period provided for the exercise of public rights in respect of the 2023/24 AGAR.	See below.
2. Public rights period does not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as either: <ol style="list-style-type: none"> it is less than 30 working days in length (bank holidays do not count as a working day); it does not include the first 10 working days of July; it starts either before or on the day of approval of Section 2; or the Notice has not been advertised with the approved AGAR on a website before the start of the period (posting on a noticeboard alone is not sufficient). <p>The rules are still widely misunderstood. These errors apply not only to those subject to review but also to those certifying themselves as exempt.</p>	<p>‘Other’ matter raised for those authorities subject to review instructing them to respond ‘no’ to assertion 4 in the AGS for the following year.</p> <p>No reporting consequences for those certifying themselves as exempt as we do not issue a report.</p> <p>We have experienced an increasing number of authorities setting a 30-working day period that has completely expired before the AGAR has been approved, hence if a member of the public wished to inspect the accounts, they would not be able to. In these circumstances we request that the authority sets a new 30-working day period and re-advertises that period. We are not able to complete our review until that new period has expired to permit any inspection to take place.</p>
3. Failure to publish the approved AGAR and the explanatory notes on the website as well as the Notice at least the day before the PR period starts.	<p>Publishing the Notice on the first day of the period means that the first day cannot be counted as one of the 30.</p> <p>‘Other’ matter raised instructing the authority to respond ‘no’ to assertion 4 in the AGS for the following year.</p>
4. AGS assertion 4 response is ‘yes’ but prior year external auditor report included ‘other’ matter highlighting period for the exercise of public rights did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 and authority instructed to respond ‘no’.	‘Except for’ matter raised in respect of assertions 4 and 7.
5. Failure to notify the external auditor of the period for the exercise of public rights.	We cannot sign off our limited assurance review until after the period for the exercise of public rights has expired so if we do not know the dates we cannot sign off and the financial year is left in limbo. We also can’t sign off subsequent years until all prior years have been certified as closed so this has an ongoing impact.
6. Use of the wrong template Notice <ol style="list-style-type: none"> use of the Notice for exempt authorities by non-exempt authorities; or use of the Notice for authorities subject to review by exempt authorities. 	<p>‘Other’ matter raised for those authorities subject to review instructing the authority to respond ‘no’ to Assertion 4 in the AGS for the following year.</p> <p>No reporting consequences for those certifying themselves as exempt as we do not issue a report.</p>
7. Setting a public rights period longer than 30 working days in length	According to statute, electors only have 30 working days from the start of the period to exercise their public rights. The period must be exactly 30 working days, please do not set public rights dates that cover a longer period.

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