Dear Cllrs,

I have today received the monthly HALC e:update. Included in their Briefing Note is THEIR interpretation of the proposed changes to the Audit Arrangements. I have attached a copy of their Briefing Note, in full. HALC is highly critical of the processes in place, or rather NOT YET IN PLACE!

"The problem that Councils face at present is that the formation of SAAA has been handled so poorly that it has no website, no email addresses, no telephone numbers, no officers and the board were only legally confirmed in post on 20th January 2016. It is not possible for any council to opt in or out until invited to by SAAA Ltd."

"Sadly NALC – who have been given "lead funds" by DCLG to set the company up – have not taken the advice provided by all quarters to get the legal niceties in place well in advance of deadlines. (It can be done effectively, as the LGA demonstrated with PSAA)"

External Audit

A report on this issue is included in the Agenda for Tuesday's meeting of the Parish Council. My report included a copy of the guidance issued by the Smaller Authorities' Audit Appointments Ltd. The RECOMMENDATION in my report is

That the Parish Council:

a. Gives notice of its decision to opt out of the external audit arrangements that Smaller Authorities’ Audit Appointments Ltd (SAAA) is putting in place,

So what do HALC advise?

"The best thing to do is to make External Audit Procurement an agenda item on every council meeting between now and March 2017. That way members and officers will be reminded to check for news and updates. If a council does nothing and is automatically opted in, the point still stands that they need to understand exactly what they have committed the taxpayer funds to [It’s FREE!!]. If a council does decide to opt out, they need to have an absolutely watertight paper trail in support of that decision and what they are going to do instead.

The options are by no means ideal, and the 31st March 2016 opt out deadline is very close. However until a formal invitation arrives from SAAA Ltd themselves, with a way that councils can contact them and get answers to questions, waiting seems the best option.

Hopefully at the beginning of March we will be able to provide clearer information".

Hannington PC does not have a meeting between 9th February and 31st March. Therefore I suggest the RECOMMENDATION REMAINS, BUT with the caveat that (a) is an "in
Internal Audit
Regarding RECOMMENDATION (b) "Agrees a form of internal audit based on self scrutiny", I did not advise the Parish Council 'from what date' the change should take place. This could either be from 1 April 2016 or delayed until 1 April 2017. I would advise that with the uncertainty over the future 'external audit' arrangements, it might be prudent to delay the date to 1 April 2017. Whilst this would mean incurring the £200 audit fees for 2016/17 (paid in 2017/18), this would give sufficient time for the Parish Council to discuss and agree what alternative 'internal audit/scrutiny' should be introduced in its place.

For information only, I attach a copy of the 'Annual internal audit report 2014/15' page that is completed and signed by Auditing Solutions Ltd, our current Internal Auditors, and included in the Annual Return completed by BDO, the Government appointed External Auditors!!! This single page provides at-a-glance the spread of responsibility that would need to be addressed in any alternative 'internal audit/scrutiny'.

Chris Pottinger,
Clerk, Hannington Parish Council