

Local Councils, Internal Drainage Boards and other Smaller Authorities in England

Annual Governance and Accountability Return 2017/18 Part 3

To be completed by:

- all smaller authorities¹ where either the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; and
- any other smaller authorities that either:
 - are unable to certify themselves as exempt; or
 - have requested a limited assurance review.

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

1. Every smaller authority in England that either received gross income or incurred gross expenditure (excluding £25,000 exempt) must complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practice.
2. The Annual Governance and Accountability Return is made up of three parts, pages 2 to 6:
 - The annual internal audit report is completed by the authority's internal auditor.
 - Sections 1 and 2 are to be completed and approved by the authority.
 - Section 3 is completed by the external auditor and will be returned to the authority.
3. The authority must approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both must be approved before 2 July 2018.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or requesting a limited assurance review, must send to the external auditor:
 - the Annual Governance and Accountability Return Sections 1, 2 and 3, together with
 - a bank reconciliation as at 31 March 2018
 - an explanation of any significant year on year variances in the accounting statements
 - your certification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2017/18

Where requested, do not send any original records to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed and is able to give an opinion on the limited assurance review the Annual Governance and Accountability Return including Section 3 – External Auditor Report and Certificate will be returned to the authority.

Publication Requirements

Smaller authorities with either income or expenditure exceeding £25,000 must publish on a public website, under the Access to and Audit Regulations (2015), the Annual Governance and Accountability Return:

- Section 1 – Annual Governance Statement 2017/18, page 4
- Section 2 – Accounting Statements 2017/18, page 5
- Section 3 – The External Auditor Report and Certificate 2017/18, page 6
- Notice of the period for the exercise of public rights and other information required by Regulation 18 (2), Access to and Audit Regulations 2015.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report page 3.

¹ The Government's definition of smaller authority means a council, internal audit firm, fire authority and local housing authority. It does not include a water or sewerage authority or a water supply authority in the Channel and South West Areas, 2015.

² For a complete list of bodies that may be smaller authorities able to provide financial and accountability for 2018.