

## JOINT PRACTITIONERS' ADVISORY GROUP | NOTES

<b>Date</b>	27 June 2024
<b>Time</b>	10.00 - 12.00
<b>Location</b>	Zoom

<b>Agenda</b>	
<b>Agenda Item</b>	<b>Information</b>
1	<p><b>Attendees:</b> Annie Child, SAAA; Ja'Neen Day, WALC; Matthew Hemsley, DLUHC; Sallyanne Jeffrey, ADA; Derek Kemp, NALC <b>Chair</b>; Andrew Kendrick, NAO; Mark Mulberry, IAF (arrived at 10.35); Carolyn Rossiter, SAAG; Rob Smith, SLCC and Charlotte Eisenhart, NALC.</p> <p><b>Apologies:</b> Alan Mellor, SLCC</p> <p><b>Secretariat:</b> Claire Reed, NALC</p>
2	<p><b>Declarations of Interest:</b> Derek Kemp declared an interest in item 5</p>
3	<p><b>Notes from the meeting held on 04 January 2024</b> Agreed</p>
4	<p><b>To review the Terms of Reference including membership</b> SAAA are keen to see a review of the TORs so they better reflect what JPAG does; the TORs should reflect the ambitions, activities and output of the panel.</p> <p><b>Action:</b> members to send feedback/ suggestions on what they want to see in the TORs to Claire by the end of July. Claire and Annie to draft new TORs before the next meeting.</p>
5	<p><b>To consider Alan Mellor's article as a basis for a discussion on accountability and transparency</b> The general view was that the AGAR was designed as a public document as part of a limited assurance review and does not give councillors/the public a full view of an authority's financial position and sustainability. In</p>

	<p>addition, the inadequacies of some software used by smaller authorities was raised; this software is tailored to the figures required by the AGAR, oversimplifying the council’s finances and not providing other forms of financial reporting such balance sheets, profit &amp; loss etc. It was agreed that wider consultation is needed to establish if the simplification is down to the Limited Assurance regime or the AGAR itself.</p> <p><b>Action:</b> SAAA to establish a realistic timeframe for a review of the AGAR (longer term). JPAG to respond to the paper from Alan and refer his recommendations for changes to paragraphs 2.1 - 2.10 of the Practitioners’ Guide to the Technical Working Group in the short term.</p>
6	<p><b>To consider the discussion paper and proposal made by the IAF</b></p> <p>It was agreed that it is not for JPAG to decide on the legal status/ qualification of Internal Audit, this is a matter for DLUHC. NALC would welcome policy motions via CALCs. The appropriate channel is via NALC to government.</p>
7	<p><b>To consider proposed changes to the feedback form and publicity</b></p> <p>Agreed</p> <p><b>Action:</b> Claire to publicise the form via the NALC newsletter and website and send it to the SLCC and ADA for sharing with members.</p>
8	<p><b>To consider the proposal to authorise the secretariat to submit feedback directly to TWG members</b></p> <p>Agreed</p>
9	<p><b>To agree time frames for updating the Practitioners’ Guide 2025/6:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Mid-October 2024</b> - First meeting of TWG to consider suggested updates and make recommendations for changes.</li> <li>▪ <b>Early November 2024</b> - JPAG to consider the proposals from TWG.</li> <li>▪ <b>November/ December 2024</b> – CR to update the PG and circulate to JPAG members for comment.</li> <li>▪ <b>January 2025</b> - JAPG to meet and approve the revised PG.</li> <li>▪ <b>January/ February 2025</b> - Opportunity for any last-minute amendments</li> <li>▪ <b>March 2025</b> - Publish the PG by deadline of 31 March 2025.</li> </ul> <p>Agreed</p>

10	<p><b>Any other business:</b></p> <ol style="list-style-type: none"> <li>1) PWLB payments were taken on 02 April rather than at the end of March due to the Easter break. Therefore, some council figures are not correct as they have used the expected balance rather than the actual balance. External Auditors will give smaller authorities the opportunity to correct figures rather than make a qualification. It was agreed that section 5 of the Practitioners' Guide should be amended to alert practitioners to this happening periodically. <b>Action:</b> Andrew to provide wording for the PG</li> <li>2) What is a reasonable time to answer questions from the public on accounts in the public inspection period? It was noted that that this is not specified in legislation; whilst the rights to inspect exist in the Local Audit and Accountability Act, the Act does not define what would be considered 'reasonable', the only reference is a duty on the council to make records available at all reasonable times. The Act also refers to a duty to make "all books, deeds, contracts, bills, vouchers, receipts and other documents" available (only excepting personal information and commercially sensitive information), which implies the rights are wide-ranging. Andrew Kendrick added that, to his knowledge, no organisation has been given explicit powers to issue statutory guidance on the subject, so it would be unclear what legal basis/authority any guidance that might be issued would have.</li> </ol>
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The meeting closed at 11.30

Notes prepared by Claire Reed, Secretariat to JPAG, June 2024

Published by the National Association of Local Councils on behalf of the Joint Panel on Accountability and Governance (JPAG).

## JOINT PRACTITIONERS' ADVISORY GROUP | WORKING PARTY NOTES

<b>Date</b>	31 October 2024
<b>Time</b>	10.00 - 15.00
<b>Location</b>	Bloomsbury Building, London

Agenda	
Agenda Item	Information
	<p><b>Attendees:</b> Annie Child, SAAA <b>AC</b>; Charlotte Eisenhart, NALC <b>CE</b>; Derek Kemp, Chair <b>DK</b>; Andrew Kendrick, NAO <b>AK</b>; Alan Mellor, SLCC; Mark Mulberry, IAF <b>MM</b>; Carolyn Rossiter, SAAG <b>CR</b>. Claire Reed, Secretariat <b>CLR</b>.</p> <p><b>Apologies:</b> Ja'Neen Day, WALCA; Laura Deery, CIPFA; Matthew Hemsley, MHCLG; Sallyanne Jeffery; ADA.</p>
	<p><b>Declarations of Interest:</b> There were none.</p>
	<p><b>Change of Name</b> It was <b>agreed</b> to recommend to the panel a change of name to, <i>Smaller Authorities Proper Practices Panel (SAPPP)</i> to better explain what the panel is responsible for. <b>Action: CLR to commission design of a new logo.</b></p>
1	<p><b>Terms of Reference</b> It was <b>agreed</b> to recommend to the panel the adoption of the revised TORs, with the following amendments:</p> <ul style="list-style-type: none"> <li>▪ 1.1 (p.2) add '<i>The Local Audit (Smaller Authorities) Regulations 2015.</i>'</li> <li>▪ 2.1 (p.2) amend '<i>Appendix A</i>' to '<i>Appendix 1.</i>'</li> <li>▪ 3.1 (p.2) amend 'currently' to '<i>including</i>'.</li> <li>▪ 5.3 (p.3) change '<i>change</i>' to '<i>charge</i>'.</li> <li>▪ 7.5 (p.4) amend to '<i>Changes to wording to improve clarity are not significant changes.</i>'</li> </ul>

	<ul style="list-style-type: none"> <li>▪ 9.1 (p.4) Membership of the panel, add: <ul style="list-style-type: none"> <li>○ Representative of External Auditors (appointed by NAO).</li> <li>○ Representative of Internal Auditors (appointed by core members).</li> <li>○ Independent Chair if appointed.</li> </ul> </li> <li>▪ 12.2 (p.5) change 'must' to 'should'.</li> <li>▪ Add 12.8 (p.5) '<i>Panel members will model standards and behaviours expected in the sector generally – supportive, respectful, and inclusive.</i>'</li> <li>▪ Add 13.2 '<i>Representatives of the core members (ADA, NALC, SLCC) have the right of veto.</i>'</li> <li>▪ 17.3 (p.6) change 'made' to 'make'.</li> <li>▪ 8.1 (p.7) Membership of the TWG: <ul style="list-style-type: none"> <li>○ Change 'NAO' to '<i>Representative of External Auditors (appointed by NAO)</i>'.</li> <li>○ Add '<i>Representative of Internal Auditors (appointed by core members)</i>'.</li> </ul> </li> <li>▪ 20.3 (p.8) Change to: '<i>The Panel will review its effectiveness, collectively, on an annual basis and consider the need for external feedback.</i>'</li> </ul> <p><b>Action: CLR to redraft TORs</b></p>
2	<p><b>Practitioners' Guide</b></p> <ul style="list-style-type: none"> <li>▪ It was <b>agreed</b> to recommend to the panel that the Practitioners' Guide be split into two separate documents; <i>Smaller Authorities Proper Practices</i> (legal requirements) and <i>Guide to Smaller Authorities Proper Practices</i> ('how to' guide for practitioners which could include explainer videos etc.).</li> <li>▪ It was <b>agreed</b> to recommend to the panel that a consultation on the current Proper Practices be commissioned, including the proposal to require the production of a set of accounts (to be defined). This will inform the March 2026 guide.</li> <li>▪ It was <b>agreed</b> to recommend to the panel that a funding request be made to SAAA for the commissioning of a rewrite of the Proper</li> </ul>

	<p>Practices and new Guide to the Proper Practices. <b>Action CLR &amp; NALC colleague to draft bid and arrange meeting with ADA, NALC &amp; SLCC for approval before submitting.</b></p>
3	<p><b>Changes to the AGAR</b></p> <ul style="list-style-type: none"> <li>▪ It was noted that the current AGAR forms have become more complicated over time. It was <b>agreed</b> that the TWG should review the presentation and content of the forms, beginning with a review of the requirement for each box as a first step.</li> <li>▪ It was <b>agreed</b> to recommend to the panel that a full review of the AGAR forms be carried out to support and align with the potential digitisation of the AGAR. This should include: <ul style="list-style-type: none"> <li>○ Consultation on what should be reported on the forms.</li> <li>○ What information could be collected to help identify a failing council.</li> <li>○ A review of assertions against the revised Proper Practices.</li> <li>○ Accessibility.</li> <li>○ Collection and collation of data.</li> <li>○ Security and authentication.</li> </ul> </li> </ul> <p>It was suggested that ATOL and the Charity Commission be approached to establish how they moved over to digital forms and collect information. SAAA aims to have digital AGAR forms by 1 Apr 2027.</p> <p><b>Action: CLR to arrange meeting of the TWG to discuss AGAR forms.</b></p>
4	<p><b>Dedicated JPAG Website</b></p> <ul style="list-style-type: none"> <li>▪ It was <b>agreed</b> that JPAG should not have a dedicated website at this time and that its page should continue to be hosted on the new NALC website. This will be reviewed in October 2025.</li> <li>▪ It was <b>agreed</b> that the Practitioners Guide should have one cover design that is used by all members bodies to remove confusion and raise JPAG's profile. <b>CLR to commission a cover design.</b></li> </ul>
5	<p><b>Action Planning</b></p> <p>It was <b>agreed</b> that the action plan should be updated to include target dates and accountability. <b>Action: CLR to update.</b></p>

Notes prepared by Claire Reed, Secretariat to JPAG, November 2024

Published by the National Association of Local Councils on behalf of the Joint Panel on Accountability and Governance (JPAG).

# **Smaller Authorities Proper Practices Panel (SAPPP)**

***Formerly Joint Panel on Accountability and Governance (JPAG)***

**Terms of Reference – MMM 2024**

***Agreed by the Panel on DD MMM 2024***

***To be reviewed DD MMM 2027***

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## **1. Introduction**

- 1.1. The Smaller Authorities Proper Practices Panel (SAPPP) is responsible for preparing, maintaining and issuing proper practices to be followed by smaller authorities in relation to accounting and internal control as referred to in the Accounts and Audit Regulations 2015 (AAR 2015) and The Local Audit (Smaller Authorities) Regulations 2015. This responsibility is recognised by the Ministry of Housing, Communities and Local Government (MHCLG).
- 1.2. Proper practices are the proper accounting and governance practices to be followed by a smaller authority as referred to in statute.
- 1.3. Proper practices set the standard for financial and governance reporting by smaller authorities. Compliance with these standards is mandatory for smaller authorities.

## **2. Authority**

- 2.1. SAPPP is an autonomous sector led body whose authority to determine proper practices originates from DCLG Circular 03/2006 - Guidance on the Accounts and Audit Regulations 2003. This circular recognises the National Association of Local Councils (NALC), the Society of Local Council Clerks (SLCC) and the Association of Drainage Authorities (ADA) as '*relevant bodies to identify...professional guidance containing proper practices*'<sup>1</sup>. This circular can be found in full at Appendix 1.
- 2.2. SAPPP may make, update or amend the extant proper practices without reference to any other body.
- 2.3. However, SAPPP must remain mindful that proper practices are intended to assist relevant smaller authorities in their operation of the accounting regime under the Accounts and Audit Regulations 2015, and other relevant legislation, and any changes to proper practices must be in accordance with these legal requirements.

## **3. Commitment**

- 3.1. The panel will maintain proper practices in relation to the preparation of smaller authorities' statutory accounts, including the Annual Governance and Accountability Return (AGAR), to support practitioners in meeting the requirements.
- 3.2. The panel will ensure requirements of annual reporting for smaller authorities remain fit for purpose by evolving with changes in practice and by seeking feedback from practitioners and stakeholders.
- 3.3. The panel will provide non-statutory guidance on proper practices and binding decisions on questions of clarity relating to the proper practices.

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<sup>1</sup> Guidance On The Accounts And Audit Regulations 2003 [dclg-circ-0206.qxd \(publishing.service.gov.uk\)](#)



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- 3.4. The panel will, through its actions, contribute to the effective governance of smaller authorities and allow local communities to hold their local smaller authorities to account.
- 3.5. The improvement of accountability and governance of smaller authorities shall be the panel's guiding principle as it discharges its responsibilities.

### **4. Purpose of the Panel**

- 4.1. To determine proper practices in relation to accounts for smaller authorities in England as referred to in Regulations 6 (4) and 11 of the Accounts and Audit Regulations 2015.
- 4.2. To prepare, maintain, develop, and issue the Practitioners' Guide (PG) which sets out proper practices for smaller authorities to assist with completing the Limited Assurance Review.
- 4.3. To approve AGAR forms for promulgation by Smaller Authorities Audit Appointments Ltd (SAAA).
- 4.4. To conduct an annual review of the PG and AGAR forms and agree any changes.

### **5. Outputs**

- 5.1. The panel will produce the PG and a suite of AGAR forms.
- 5.2. These publications will be produced under the panel's branding and authority.
- 5.3. The member bodies will publish the PG on their websites, without charge, and where it can be freely accessed by any interested party.

### **6. The Practitioners' Guide**

- 6.1. The Practitioners' Guide's (PG) principal purpose is to document proper practices. The PG also provides guidance on how to comply with proper practices for practitioners in smaller authorities.
- 6.2. The PG is published jointly by NALC, SLCC and ADA. These three bodies are the core members of the panel.

### **7. Preparation of the Practitioners' Guide**

- 7.1. At least annually, SAPPP will review the PG by considering;
  - feedback from practitioners via the annual consultation,
  - feedback from panel members,
  - developments in the sector which give rise to the need for any further guidance or clarification on accounting and governance practices.
- 7.2. SAPPP shall notify key stakeholders as soon as practicable of any proposed changes to the PG.

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- 7.3. Before any significant changes to the PG are made there will be a period of consultation with practitioners of at least 6 weeks. The consultation will be publicised by NALC, SLCC and ADA, including on their websites.
- 7.4. Significant changes include the introduction of new requirements into Section 1,2 and 3 which may require smaller authorities to adjust their accounting systems or require them to provide new information.
- 7.5. Changes to wording to improve clarity are not significant changes,
- 7.6. Any comments received via the annual consultation may be put on public record so that NALC, SLCC and ADA can publish comments or summaries of comments – this will be made clear on any consultation document published.
- 7.7. Additional information, guidance, or exemplar documents, that are not proper practices may be included in the PG. These will be clearly identified in a separate section of the guide and will not be mandatory.
- 7.8. SAPPP will not review or approve guidance issued by any other body, group or organisation.

### **8. Annual Governance and Accountability Return (AGAR).**

- 8.1. From time to time, it will be necessary to update the AGAR forms to reflect changes to proper practices.
- 8.2. Changes to the AGAR will be approved by SAPPP and the forms will be published by SAAA.

### **9. Membership of the Panel**

- 9.1. SAPPP shall consist of representatives from the following bodies:
  - National Association of Local Councils (NALC) **CORE MEMBER**
  - Society of Local Council Clerks (SLCC) **CORE MEMBER**
  - Association of Drainage Authorities (ADA) **CORE MEMBER**
  - Smaller Authorities Auditors Appointments (SAAA)
  - Ministry of Housing, Communities and Local Government (MHCLG)
  - Department for Environment, Farming and Rural Affairs (DEFRA)
  - National Audit Office (NAO)
  - Chartered Institute of Public Finance and Accountancy (CIPFA)
  - Representative of External Auditors (appointed by NAO)
  - Representative of Internal Auditors (appointed by core members)
  - Independent Chair if appointed.
- 9.2. NALC, SLCC and ADA are the core member bodies which establish SAPPP.
- 9.3. Independent members may be co-opted to the panel, subject to 9.4 below.
- 9.4. Any co-options need to have the consent of all three core member bodies before being accepted onto SAPPP. Acceptance will be via a majority vote. The term of office for a co-opted member is one year, to be renewed on an annual basis.

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- 9.5. Co-opted members are invited to SAPPP in a supporting capacity and have no formal voting rights.
- 9.6. Others may be invited to attend a meeting of the panel, or its sub-groups, on an ad-hoc (non-voting) basis to advise on specific issues or projects, or as observers.

### **10. Appointment of the Chair**

- 10.1. The appointment of the chair is decided by a majority vote on nominations submitted by the core member bodies; NALC, SLCC and ADA.
- 10.2. The nominee does not need to be a member of the nominating body, and the chair shall act independently of the nominating body.
- 10.3. The appointment of the chair is for a term of 3 years, up to a maximum of 6 years.
- 10.4. A Vice-Chair may be appointed by majority vote from nominations submitted by any member of the panel

### **11. Secretariat and Support**

- 11.1. The secretariat coordinates and administrates all meetings of the panel and Technical Working Group.
- 11.2. The secretariat supports SAPPP by overseeing consultation with smaller authorities, drafting changes to the PG as agreed by the panel, communicating these changes with smaller authorities and keeping SAPPP's terms of reference under review.
- 11.3. The secretariat is provided by NALC, subject to NALC Board's agreement.
- 11.4. SAAA will provide grant funding to support SAPPP, subject to SAAA Board's agreement.

### **12. Conduct of Meetings**

- 12.1. Meetings will usually be held remotely online unless agreed otherwise by a majority vote.
- 12.2. Items and associated papers for inclusion on the agenda should be sent to the secretariat at least two weeks prior to the published meeting date.
- 12.3. The secretariat will schedule the meeting and send out the meeting link, along with the agenda and associated papers, at least one week before the meeting.
- 12.4. Any apologies should be sent to the secretariat as soon as possible and prior to the start of the meeting.
- 12.5. Panel members and observers must not use their position for personal gain.
- 12.6. Members of the panel are given the opportunity, at each meeting, to declare any interests relevant to items on the agenda and in doing so must withdraw from all discussions on that item and take no part in any vote on the matter.
- 12.7. Draft Minutes of the meeting will be approved by the chair as soon as practicable after the meeting. Once approved by the chair, the draft minutes will be published

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on NALC's and SAPPP's websites. The minutes will be formally approved at the next full meeting of the panel.

- 12.8. Panel members will model standards and behaviours expected in the sector generally – supportive, respectful, and inclusive.

### **13. Quorum**

- 13.1. The quorum for meetings is 5 members and must include at least two members representing the three core member bodies - NALC, SLCC or ADA.
- 13.2. Non-quorate meetings can discuss and note matters to be reported to the next quorate meeting of the Panel but have no executive authority.
- 13.3. At the Chair's discretion, urgent decisions can be made by correspondence with members.
- 13.4. Representatives of the core members bodies (ADA, NALC, SLCC) have the right of veto.

### **14. Delegation**

- 14.1. In between meetings, workflows can be progressed through delegation to the Secretariat, agreement of members via email, meetings of sub-groups working on particular items and/ or in consultation with the Chair.
- 14.2. Any actions arising from this type of delegation should be reported to the next meeting of the Panel.
- 14.3. Approval of the final draft of the PG and any changes to the AGAR cannot be delegated and must be agreed by the panel at a quorate meeting.
- 14.4. The Secretariat is authorised to submit recommendations for changes directly to the Technical Working Group.

### **15. Reporting and Communications**

- 15.1. Members of the panel are encouraged to provide reports on the activity of SAPPP to the appropriate committee or Board in their organisation. This is to promote the work of the panel and raise awareness of its outputs.
- 15.2. The Panel may issue from time-to-time information about its activity and its outputs via its member's communication channels. Any such information should be drafted by the Secretariat and approved by the Chair before publication. This is to promote the work of the panel and raise awareness of outputs.

### **16. Sub-groups**

- 16.1. SAPPP may establish sub-groups to consider individual issues or tasks.
- 16.2. The Terms of Reference and membership of such a sub-group will be approved by the Panel.

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16.3. A sub-group may invite experts to join the sub-group subject to the group's Terms of Reference.

16.4. As detailed in 14.3 above, certain decisions cannot be delegated to sub-groups.

### **17. Technical Working Group**

17.1. The Technical Working Group (TWG) is a sub-group which meets at least once a year.

17.2. Its purpose is to consider the consultation feedback on the PG from practitioners and panel members. It also considers the need for revised guidance arising from developments in the sector.

17.3. The TWG does not have delegated authority to make decisions on changes to the Guide. It makes recommendations to the Panel for suggested changes to the PG and AGAR forms if appropriate.

### **18. Membership of TWG**

18.1. The Technical Working Group shall consist of representatives from the following bodies:

- NALC
- SLCC
- ADA
- External Auditors (appointed by NAO)
- Internal Auditors (appointed by core members)

18.2. Additional representatives may be asked to attend a meeting of the TWG if they have specialist knowledge in a particular area.

### **19. Indicative Annual Workflow**

19.1. On an annual basis, SAPPP will carry out a consultation with practitioners and stakeholders, overseen by the Secretariat. The consultation will be used to help inform any changes the panel consider necessary. The panel may conclude that no changes are required.

19.2. Indicative annual workflow for SAPPP:

<b>JUNE/JULY - Full Panel Meeting</b>
<ul style="list-style-type: none"><li>▪ Elect Chair and Vice-Chair if required (see 10 above).</li><li>▪ Elect any Independent Members (see 9 above).</li><li>▪ Confirm meeting dates for the rest of the cycle.</li><li>▪ Members report any PG feedback received for discussion by the TWG.</li></ul>
<b>JULY/AUGUST/SEPTEMBER - Collect feedback on PG</b>
<b>OCTOBER - Technical Working Group Meeting</b>
<ul style="list-style-type: none"><li>▪ Consider feedback from auditors, members and practitioners.</li></ul>

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▪ Agree on recommendations for any changes.
<b>NOVEMBER</b> - Full Panel Meeting
▪ Consider proposals from the TWG and agree on any changes to the PG. ▪ Consider any changes to the AGAR forms. ▪ Determine if a consultation is required.
<b>DECEMBER</b> - Drafting of the revised PG
<b>JANUARY</b> - Consultation (if required – see 7 above)
<b>FEBRUARY</b> - Full Panel Meeting
▪ Sign off revised PG for publication. ▪ Agree final AGAR forms for publication.
<b>MARCH</b> - Publish Practitioners' Guide (by 31 March)

### **20. Monitoring and Performance Review**

- 20.1. SAPPP will review its Action Plan on an annual basis considering whether its planned tasks have been completed.
- 20.2. Panel members are encouraged to provide feedback to the Chair on their view of the Panel's effectiveness.
- 20.3. The Panel will review its effectiveness, collectively, on an annual basis and consider the need for external feedback.
- 20.4. These views will be shared with the Chief Executive Officers of the Member bodies (NALC, ADA and SLCC) for their consideration.

### **21. Review of these Terms of Reference (TOR)**

- 21.1. SAPPP will carry out a formal review of its TOR at least every 3 years. During the intervening period, the Secretariat will keep the Terms of Reference under review, advising the Panel if any changes are needed.

**APPENDIX 1**

**DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT**

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*DCLG Circular 03/2006*  
*Department for Communities and Local Government*  
*Eland House, Bressenden Place, London SW1E 5DU*

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18 August 2006

**GUIDANCE ON THE ACCOUNTS AND AUDIT REGULATIONS 2003<sup>2</sup>**

**FOREWORD**

1. This Circular supersedes ODPM Circular 04/2003. The purpose of this guidance is to assist relevant bodies and smaller relevant bodies<sup>2</sup> in their operation of the accounting regime under the Accounts and Audit Regulations 2003 (“the 2003 Regulations”).
2. The interpretation of the 2003 Regulations or any other legislation is, of course, ultimately a matter for the courts. Where matters of statutory interpretation arise relevant bodies should obtain their own legal advice as necessary. This circular seeks to provide guidance on the issue of proper accounting practices and details of where generally recognised published codes setting out proper accounting practices may be found. It also seeks to provide guidance on new requirements introduced by the amendments to the 2003 Regulations.

**INTRODUCTION**

3. Significant amendments were made to the 2003 Regulations in 2006. One of the main purposes of the amendments made in 2006 to the 2003 Regulations is to simplify and streamline the 2003 Regulations by providing simpler categories of bodies to whom the 2003 Regulations apply<sup>3</sup>.
4. Another intention of those amendments is to strengthen governance and accountability through a new requirement:
  - i. to consider the findings of the review of systems of internal control in Regulation 4(3) of the 2003 Regulations;

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<sup>2</sup> As amended by S.I. 2004/556, S.I. 2004/3168 and S.I. 2006/56

<sup>3</sup> See paragraph 5 for definition

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- ii. to carry out and consider the findings of a review of the effectiveness of internal audit in Regulations 6(3) and 6(4) of the 2003 Regulations.

### **CATEGORIES OF BODIES**

5. Prior to the amendments made in 2006 the 2003 Regulations applied different provisions to different types of bodies (eg parish councils / meetings and other bodies). The problem with this was that it assumed that all bodies of a particular type had broadly similar turnover. However, there are a number of smaller bodies, such as internal drainage boards, which did not benefit from the provisions aimed at the smaller types of bodies. In order to apply the provisions more fairly across audited bodies we have introduced new broader definitions of relevant bodies and smaller relevant bodies:

*A **relevant body** means a body whose accounts are to be audited in accordance with Section 2 of the Audit Commission Act 1998, other than a body specified in section 98(1)<sup>4</sup> of the National Health Service Act 1977 or a local probation board*

*A **smaller relevant body** means a relevant body, other than parish councils subject to any of the duties under Part 1 of the Local Government Act 1999 (best value authorities), whose gross income or expenditure (whichever is the higher) for the year concerned is, or for either of the two immediately preceding years was, less than £1 million.*

### **“PROPER PRACTICES”**

6. The 2006 amendments rationalise the use of the term “proper practices” in the 2003 Regulations by identifying whether the reference is to:
  - Proper practices in relation to internal control, or
  - Proper practices in relation to accounts.
7. Proper practices in relation to internal control are referred to in Regulations 4 and 6. There is no statutory definition of such practices. In these circumstances it is for relevant bodies to identify the appropriate professional guidance containing proper practices. In our view, the relevant guidance would include:
  - *Statement on Internal Control in Local Government: meeting the requirements of the Accounts and Audit Regulations 2003, published by CIPFA in 2004;*



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- *Corporate Governance in Local Government: A Keystone for Community Governance (Framework and Guidance Note)*, produced by CIPFA/SOLACE in 2001 (currently under review<sup>4</sup>);
- *Code of Practice for Internal Audit in the United Kingdom*, published by CIPFA in 2003 (currently under review<sup>5</sup>);
- *Governance and Accountability in Local Councils in England and Wales, A Practitioners Guide 2003*, published jointly by the National Association of Local Clerks (NALC) and the Society of Local Council Clerks (SLCC); and
- *Governance and Accountability in Internal Drainage Boards in England, A Practitioners Guide 2006*, published by the Association of Drainage Authorities.

Even where one of these documents is not directly applicable to it, a body may find it a helpful source of guidance on the practices that should be adopted. The documents will be updated from time to time and the listing should be read as including any amendments and new editions.

8. Proper practices in relation to accounts are referred to in Regulations 7, 8 and 9. For some relevant bodies a statutory definition of these proper practices is provided by section 21(2) and (3) of the Local Government Act 2003. The bodies to which this definition applies are identified in sections 23 and 21(6) of the 2003 Act and Regulation 32 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No. 3146). Authorities not covered by this definition will need to identify for themselves the appropriate sources of guidance. The Appendix to this Circular identifies, as at August 2006, which relevant bodies are covered by the statutory definition and, for bodies where the statutory definition is not applicable, suggests documents that the bodies may wish to rely on as a source of proper practices.

The definition of proper practices in relation to accounts in section 21 of the 2003 Act runs as follows:

- (2) *In any enactment to which this subsection applies, reference to proper practices, in relation to accounts of a local authority, is to those accounting practices:*
- a) which the authority is required to follow by virtue of any enactment, or*
  - b) which are contained in a code of practice or other document which is identified for the purposes of this provision by regulations made by the Secretary of State.*

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<sup>4</sup> A revised version of the CIPFA/SOLACE framework, entitled Good Governance in Local Government: A Framework, is currently out to consultation.

<sup>5</sup> The reference to 198(1) of the National Health Service Act 1977 will be amended to paragraph 1 of Schedule 12(B) of the 1977 Act when section 56 of the Health Act 2006 comes into force later this year.

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(3) In the event of conflict between practices falling within paragraph (a) of subsection (2) and practices falling within paragraph (b) of that subsection, only those falling within paragraph (a) are to be regarded as proper practices.

The documents referred to in Section 21(2)(b) are identified in Regulation 31 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Three documents are identified:

- *Code of Practice on Local Authority Accounting in the United Kingdom: a Statement of Recommended Practice*, published by CIPFA;
- *Best Value Accounting Code of Practice*, published by CIPFA;
- In relation to parish councils, *Governance and Accountability in Local Councils in England and Wales*, jointly published by NALC and the SLCC; and

In each case the identified documents automatically include amendments, replacements and new editions of the documents as they are issued.

### **REGULATION 4 – REVIEW OF SYSTEMS OF INTERNAL CONTROL**

9. Regulation 4 of the 2003 Regulations was amended in 2006 to require the findings of the review of the effectiveness of the system of internal control (referred to in Regulation 4(2)) to be considered by a committee of the relevant body, or by the members of the body meeting as a whole. Whilst Regulation 4 does not require the establishment of an audit committee, such a committee would provide an appropriate means through which to consider the findings of the review.

### **REGULATION 6 – REVIEW OF INTERNAL AUDIT**

10. Regulation 6 of the 2003 Regulations was amended in 2006 to require relevant bodies to conduct an annual review of the effectiveness of its system of internal audit and for a committee of the body to consider the findings. This process is also part of the wider annual review of the effectiveness of the system of internal control. As with regulation 4 above, this does not require the establishment of an audit committee, although such a committee would provide an appropriate means through which to carry out the review of internal audit as it has a role in monitoring internal audit but is independent from it. If an audit committee does not exist the body will need to consider what other equivalent arrangements it needs to put in place to carry out the review.
11. Proper practices in relation to internal audit for relevant bodies may be found in the *Code of Practice for internal audit in local government in the United Kingdom*, issued by CIPFA. Smaller relevant bodies should refer to *Governance and Accountability in local councils in England and Wales. A practitioner's guide*, issued by NALC and the SLCC. Internal Drainage Boards should refer to *Governance and*

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*Accountability in Internal Drainage Boards in England, A Practitioners Guide 2006*, published by the Association of Drainage Authorities.

### **REGULATION 7 – STATEMENT OF ACCOUNTS**

12. Regulation 7 of the 2003 Regulations was amended in 2006 to remove a number of references to accounting statements as the documents referred to in paragraphs 6 & 7 above already specify the accounting statements required. The aim is to rely as much as possible on these documents, where appropriate.
13. It was necessary to include certain references to accounting statements, for example, the new references to the Firefighters' Pension Fund (FFPF) and the Dedicated Schools Grant (DSG), as these statements are not required by generally accepted accounting practices but are requirements of the finance regimes which specifically set up, for example, the FFPF and DSG.

#### **7(1)(c) Firefighters' Pension Fund**

14. The new arrangements for financing firefighters' pensions were introduced on the 1st April 2006. Guidance on these new arrangements can be found on the Department for Communities and Local Government website. The link is as follows <http://www.communities.gov.uk/index.asp?id=1165001>

#### **7(1)(d) Dedicated Schools Grant**

15. The Department for Education and Skills has produced guidance on the requirement to include a statement certified by the Chief Financial Officer of an authority that the DSG is being deployed in support of the Schools Budget. A copy of the guidance has been sent to all Chief Financial Officers and can also be found at <http://www.teachernet.gov.uk> under Management, School Funding.

### **REGULATION 7A – PASSENGER TRANSPORT EXECUTIVES**

16. The opportunity has been taken to extend the coverage of the regulations to PTEs, and revoke the outdated 1983 regulations that previously applied to them. For the most part the regulations apply to PTEs without alteration, but two special provisions are included in regulation 7A. Regulation 7A(1) preserves the provision in the 1983 regulations requiring a PTE's statement of accounts to be no less informative than if the disclosure requirements of the Companies Acts were, so far as appropriate, applicable to the Executive.
17. Regulation 7A(2) requires the charge to an Executive's revenue account for retirement benefits and contributions to pension funds to be the amount payable in accordance with the relevant pensions regulations. This has the effect of preventing any other amount calculated in accordance with accounting standards (e.g. FRS17 – Retirement Benefits) from being chargeable to the revenue account.

**REGULATION 9 – SMALLER RELEVANT BODIES**

18. The threshold at which a relevant body may be defined as a smaller relevant body and thus eligible to complete the Annual Return instead of full statements of accounts has been increased from £500,000 to £1m (for Best Value parishes see para 5 above). This will further reduce the regulatory burden upon these bodies affected.
19. The threshold at which smaller relevant bodies have the option of keeping accounts on either an income-expenditure or receipts and payments basis has been increased from £100,000 to £200,000.

**REGULATION 10 – SIGNING AND APPROVAL OF ACCOUNTS**

20. Regulation 10 of the 2003 Regulations was amended in 2006 to bring forward the deadline for the signing and approval of accounts in smaller relevant bodies from 30th September to 30th June. This is to bring smaller relevant bodies in line with other relevant bodies. There will be a transitional period for each year until 2008, with the deadline remaining 30th September in 2006, then 31st August in 2007, 31st July in 2008 and 30th June thereafter.
21. Also a new provision has been included at Regulation 10(6) to outline the procedure if a relevant body does not approve its accounts by the deadline. It may be the case that a relevant body cannot approve the accounts, for example, if there is a discrepancy that cannot be resolved in time. In this case, the relevant body must hold a meeting within 20 days of the deadline. If this meeting fails to reach agreement the relevant body must publish a statement explaining the reasons why.

**REGULATION 11 AND 12 – PUBLICATION**

22. Regulations 11 and 12 of the 2003 Regulations provide that, when a relevant body arranges for the publication of its statement of accounts, or its income and expenditure account, as the case may be, the term “publication” should not mean merely the appearance of the accounts in the documents of meetings, committees or subcommittees of the body. In addition to this, we recommend as good practice that the requirement to “publish” the statement or the income and expenditure account should not mean merely providing copies to enquirers on demand. Good practice might include: putting a copy on a notice board, copying onto a website, publishing as a separate leaflet, or publication in a newspaper or as part of a newsletter.
23. Authorities will themselves wish to consider the appropriateness of the publication arrangements they have in place, bearing in mind the need to make information as widely available as practicable, but also taking into account local circumstances, including the size of the authority, the resources available, the number of electors and the existence of any local information networks.

**REGULATION 18 – NOTICE OF CONCLUSION OF AUDIT**

24. Regulation 18(4) of the 2003 Regulations refers to the requirement to report to the relevant body or committee of the relevant body that approved the accounts material amendments to the statement of accounts or record of receipts and payments which have occurred since their original approval. The Regulation previously referred only to amendments made as a result of an auditor's report but in 2006 this was amended so that any material amendments, however occasioned, must be reported to the relevant body or committee that approved the accounts. This change seeks to reinforce the point that it is the body which is responsible for the accuracy and completeness of its accounts.

<b>SUGGESTED SOURCES OF PROPER PRACTICES as at August 2006</b>			
<i>Audit Commission Act 1998 Sch 2</i>	<i>Type of audited body</i>	<i>Statutory definition of proper practices</i>	<i>Suggested source of proper practices<sup>6</sup>:</i>
1(a)	<b>A local authority:</b>		
1(a)	London Borough	Y	
1(a)	Metropolitan Borough Council	Y	
1(a)	Unitary authority (excluding Scilly)	Y	
1(a)	County Council	Y	
1(a)	District/Borough Council	Y	
1(a)	Parish Council Y 1(b)	Y	
1(b)	A joint authority	Y	
1(bb)	Greater London Authority	Y	
1(bc)	A functional body	Y	
1(bd)	London Pensions Fund Authority	Y	
1(c)	A parish meeting of a parish not having a separate parish council	N	NALC/SLCC guide <sup>7</sup>
1(d)	Committee of a local authority, including a joint committee of two or more such authorities	N	NALC/SLCC guide or SORP <sup>8</sup>
1(e)	Council of the Isles of Scilly	Y	
1(f)	Any charter trustees constituted under section 246 of the 1972 Act	Y	
1(h)	Port health authority (if a joint board)	N	If joint board, SORP
1(i)	Broads authority	Y	
1(j)	National Park authority	Y	
1(jj)	Conservation board established by order under section 86 of the Countryside and Rights of Way Act 2000	N	SORP
1(k)	Police authority established under section 3 of the Police Act 1996	Y	
1(m)	Fire and Rescue Authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies	Y	
1(o)	Internal Drainage Board	N	ADA guidance <sup>9</sup>
2(a)	The accounts of the collection fund of the Common Council and the accounts of the City fund	Y	

<sup>6</sup> Where marked Y, see paragraph 7 of the Circular for list of sources

<sup>7</sup> Governance and Accountability in Local Councils in England and Wales – A Practitioners' Guide 2003, jointly published by the National Association of Local Councils (NALC) and the Society of Local Council Clerks (SLCC)

<sup>8</sup> Code of Practice on Local Authority Accounting in the United Kingdom: a Statement of Recommended Practice, published by CIPFA

<sup>9</sup> Governance and Accountability in Internal Drainage Boards in England – A Practitioners' Guide 2006 published by the Association of Drainage Authorities

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2(b)	The accounts relating to the superannuation fund maintained and administered by the Common Council under Local Government Pension Scheme Regulations 1995	Y	
4	Passenger Transport Executive	N	See paragraph 15 of this Circular
	Lee Valley Regional Park Authority	Y	

**Draft - Proposed amendments to the JPAG Practitioners Guide 2025 for websites and emails**

**New Assertion 10 and revision of Section 5**

<b>Current (2024)</b>	<b>Proposed (2025)</b>
<p><b>Assertion 3 - compliance with laws, regulations and proper practices</b></p> <p>1.26 Email management - every authority should have an email account that belongs to the council and to which the council has access.</p>	<p><b>New Assertion 10 - Digital and data compliance</b></p> <p>This section relates to all parish council business practices online.</p> <p>1. All parish councils (excluding parish meetings) must meet legal requirements for all existing websites regardless of what domain is being used:</p> <p>1.1 All websites must meet the <a href="#">Web Content Accessibility Guidelines 2.2 AA</a> and the <a href="#">Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018</a>.</p> <p>1.2 All websites must include published documentation as specified in the <a href="#">Freedom of Information Act 2000</a> and the <a href="#">Transparency code for smaller authorities</a>.</p> <p>2. All parish councils, including parish meetings, must follow both the <a href="#">General Data Protection Regulation (GDPR) 2016</a> and the <a href="#">Data Protection Act 2018</a> (DPA 2018).</p> <p>2.1 All parish councils, including parish meetings, must process personal data with care and in line with the principles of data protection.</p> <p>2.2 The DPA 2018 supplements the GDPR and classifies a parish council as both a Data Controller and a Data Processor.</p> <p>3. All parish councils (excluding parish meetings) should also have an IT policy. This explains how everyone - clerks, councillors and other council staff - should conduct council business in a secure and legal way when using IT equipment and software. This relates to the use of council-owned and personal equipment</p> <p>4. By 31st March 2027, all parish councils (excluding parish meetings) with a precept of over £10,000 must use the .gov.uk domain for their websites and emails. The use of personal email addresses or free accounts is not acceptable.</p>



<p><b>Section 5- Supporting information for officers</b></p> <p>The importance of using .gov.uk domains for websites and emails</p> <p>5.210. All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name. Note that Parish meetings are exempt from the requirement to have a website.</p> <p>5.211. To assist with compliance with the General Data Protection Regulations (GDPR), it is advised that clerks provide official .gov.uk email accounts to their councillors, which must only be used for official council business.</p> <p>5.212. When choosing a domain name all councils must follow the rules set out by the Cabinet Office to choose a .gov.uk domain name, for example, 'ourparishcouncil.gov.uk' with email addresses linked to that domain.</p> <p>5.213. Using a .gov.uk domain for your council website and email accounts gives Parish Councils the following advantages:</p> <p>5.214. Increased professionalism and trust from members of your community, partners and suppliers because your email address and website domains are a trusted government brand.</p> <p>5.215. Separation of your personal life from your professional life, ensuring members of your community, partners and suppliers understand what capacity you are emailing them in - whether a Councillor or Clerk.</p> <p>5.216. Increased control for the Responsible Officer over email accounts and documentation when managing new joiners, leavers, sudden absences or Freedom of Information and Subject Access Requests.</p> <p>5.217. Peace of mind that your .gov.uk Parish Council domain will never be sold to someone else if it is not renewed on time, which can happen with .co.uk, .org.uk and other commercial domains.</p>	<p><b>New Section 5 - Supporting information for officers</b></p> <p>Using .gov.uk email accounts and websites for parish council business is recommended for the following reasons:</p> <p><b>Data protection and security</b></p> <p>1.10 Using council-owned email accounts ensures that sensitive information is handled in a controlled environment with appropriate security measures. This aligns with GDPR principles such as data minimisation, integrity and confidentiality.</p> <p><b>Accountability and transparency</b></p> <p>1.11 Council-owned email accounts provide a clear record of communications, which is essential for transparency and accountability. This helps in maintaining an audit trail and ensures all council-related communications are accessible for review if needed.</p> <p><b>Consistency, trust and professionalism</b></p> <p>1.12 Using official .gov.uk websites and email accounts helps maintain a consistent and professional image for the council. It ensures all communications are easily identifiable as coming from the council, which can enhance trust and credibility with the public. This is increasingly important as the public becomes more cyber-security aware.</p> <p>1.13 Having council-owned email accounts also makes Data Subject Access and Freedom of Information Requests easier to manage.</p> <p><b>Compliance with policies</b></p> <p>1.14 All parish councils should have an IT policy that mandates the use of council-owned email accounts for official business. These policies are designed to ensure that all communications are conducted in a manner that is consistent with the council's standards and legal obligations.</p> <p><b>Getting a .gov.uk domain for your website and emails</b></p> <p>1.15 For support on setting up a .gov.uk domain for your parish council contact the SLCC membership team or go to the GOV.UK site [insert link TBC].</p> <p><b>Website accessibility</b></p>
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5.218. Additional security measures, as all .gov.uk domains are checked for any cyber vulnerabilities by the Cabinet Office and reported to the Responsible Owner, or your technical point of contact, so they can be fixed.

5.219. You can read more about the benefits of getting a .gov.uk domain on the GOV.UK website.

1.16 Parish councils do not have to buy a new website to comply with accessibility law if it places a disproportionate burden on the council. For example, if the council cannot afford a new website.

1.17 At a minimum all parish council websites must include an [accessibility statement](#) on their website and keep it under regular review. This statement should include reasons for not meeting accessibility requirements, ways to source alternative copies of non-accessible documents and a point of contact.

### **Data Protection**

1.18 To ensure compliance with data protection regulations, parish councils must:

1.181 Appoint a Data Protection officer to oversee data protection and ensure compliance with GDPR.

1.182 Conduct regular data audits to identify what personal data is held, how it is used and make sure it is processed lawfully.

1.183 Implement a Data Protection policy on data handling, storage and sharing.

1.184 Provide training to ensure all staff and council members are trained on data protection principles and practices.

1.185 Secure data using appropriate technical and organisational measures to protect personal data from breaches.

### **IT Policies**

1.19 An IT policy prevents misunderstandings when using IT equipment for council business and makes sure that there can be no excuses for anyone in your council not protecting their data or working safely.

1.20 If your council does not have a policy, you might like to use this [IT policy template](#). It is important to personalise the template for the specific use of your council and add links to guidance where needed.