
STATUTORY INSTRUMENTS

2015 No. 184

The Local Audit (Smaller Authorities) Regulations 2015

PART 3

Types of authority

Full audit authorities

8.—(1) A smaller authority, other than one to whom paragraph (2) applies, may decide to prepare a statement of accounts and be audited as if it were a relevant authority which is not a smaller authority in accordance with this regulation (“a full audit authority”).

(2) This paragraph applies to an authority if—

- (a) the higher of the authority’s gross income for the financial year and its gross expenditure for the year does not exceed £25,000; or
- (b) the higher of the authority’s gross receipts and gross payments for the financial year does not exceed £25,000.

(3) A full audit authority is, for the purposes of these Regulations, to be treated as if it were not a smaller authority other than for the purposes of—

- (a) the definitions of “full audit authority” and “smaller authority” in regulation 2;
- (b) paragraph (1) of this regulation;
- (c) regulations 10(1) and 14(1)(b); and
- (d) regulation 24(2)(a) and paragraph (1) of that regulation insofar as it relates to paragraph (2) (a).

(4) A full audit authority may decide to prepare a statement of accounts and be audited as a smaller authority, and so cease to be a full audit authority.

Exempt authorities

9.—(1) A smaller authority may certify itself as an exempt authority for a financial year if—

- (a) the qualifying condition for that authority and that financial year in paragraph (2) is met;
- (b) the financial year is not one of the first three years of the authority’s existence; and
- (c) none of the relevant circumstances in paragraph (3) apply in relation to the keeping of the accounts for the preceding financial year or to the audit of those accounts.

(2) The qualifying condition is met for an authority and a financial year if—

- (a) the higher of the authority’s gross income for the year and its gross expenditure for the year does not exceed £25,000, or
- (b) the higher of the authority’s gross receipts and gross payments for the year does not exceed £25,000.

(3) The relevant circumstances are—

- (a) the local auditor has made a public interest report⁽¹⁾ in respect of the authority or any entity connected with it;
 - (b) the local auditor has made a recommendation to the authority, relating to the authority or any entity connected with it;
 - (c) the local auditor has issued an advisory notice under paragraph 1(1) of Schedule 8 to the Act, and has not withdrawn the notice;
 - (d) the local auditor has commenced judicial review proceedings under section 31(1) of the Act, and the proceedings have not been withdrawn nor has the court found against the auditor;
 - (e) the local auditor has made an application under section 28(1) of the Act for a declaration that an item of account is unlawful, and the application has not been withdrawn nor has the court refused to make the declaration; or
 - (f) the court has declared an item of account unlawful after a person made an appeal under section 28(3) of the Act.
- (4) Subject to paragraph (5), where any relevant circumstances under paragraph (3) apply after the authority has certified itself as an exempt authority in relation to a financial year, the authority ceases to be an exempt authority.
- (5) If, after the authority ceases to be an exempt authority because a relevant circumstance in paragraphs (3)(c) to (e) applied—
- (a) the advisory notice referred to in paragraph (3)(c) is withdrawn;
 - (b) the judicial review proceedings referred to in paragraph (3)(d) are withdrawn or the court finds against the local auditor; or
 - (c) the application referred to in paragraph (3)(e) is withdrawn or the court has refused to make the declaration;
- the authority becomes an exempt authority again.
- (6) An authority which has certified itself as exempt must—
- (a) if the authority is an opted in authority, give notice to the relevant specified person as soon as practicable after the certification; and
 - (b) publish a notice—
 - (i) stating that it has certified itself as exempt;
 - (ii) providing an explanation of the effect of that certification in relation to—
 - (aa) the conduct of the audit of the authority; and
 - (bb) the appointment of an auditor to audit the accounts of the authority;
- (7) The notice must be published—
- (a) if the authority has a website, on its website;
 - (b) otherwise in such manner as the authority thinks is likely to bring the notice to the attention of persons who live in its area.
- (8) An authority which certified itself as exempt, but which has ceased to be an exempt authority in accordance with paragraph (4) must—
- (a) if the authority is an opted in authority, give notice to the relevant specified person as soon as practicable after the authority ceases to be an exempt authority; and
 - (b) publish a notice—
 - (i) stating that it is no longer an exempt authority;

(1) See section 44 of the Local Audit and Accountability Act 2014 for meaning of “public interest report” and “recommendation”.

- (ii) providing an explanation of the effect of this in relation to—
 - (aa) the conduct of the audit of the authority; and
 - (bb) the appointment of an auditor to audit the accounts of the authority;
- (9) The notice must be published—
 - (a) if the authority has a website, on its website;
 - (b) otherwise in such manner as the authority thinks is likely to bring the notice to the attention of persons who live in its area.
- (10) An authority which becomes an exempt authority again in accordance with paragraph (5) must—
 - (a) if the authority is an opted in authority, give notice to the relevant specified person as soon as practicable after the authority has become an exempt authority again; and
 - (b) publish a notice—
 - (i) stating that it has become an exempt authority again;
 - (ii) providing an explanation of the effect of this in relation to—
 - (aa) the conduct of the audit of the authority; and
 - (bb) the appointment of an auditor to audit the accounts of the authority;
- (11) The notice must be published—
 - (a) if the authority has a website, on its website;
 - (b) otherwise in such manner as the authority thinks is likely to bring the notice to the attention of persons who live in its area.