



SMALLER AUTHORITIES PROPER PRACTICES PANEL PRACTITIONERS' GUIDE 2026/27 CHANGES

This year's Practitioners' Guide has the following changes (page and paragraph numbers are shown as they appear in the 2025 guide and in the new 2026/27 guide).

Throughout the document

- Upper threshold amended to £15m or figure removed.
- Dates updated.

Addendum

2025 guide	2026/27 guide
Page 1	N/A

Removed

Introduction

2025 guide	2026/27 guide
Page 5	Page 4

Panel Membership updated

Forward

2025 guide	2026/27 guide
Page 6	Page 5

Legislation and upper threshold updated:

In accordance with The Local Audit (Amendment of Definition of Smaller Authority) Regulations 2025, an authority is a 'smaller authority' if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £15m.

2025 guide	2026/27 guide
N/A	Page 6

Paragraph added:

Starting from April 2027, Smaller Authorities will be able to submit their AGAR data electronically via a digital portal. All Smaller Authorities are strongly encouraged to utilise this portal once it becomes operational. Comprehensive training and support will be provided to facilitate the use of the portal, as electronic submission will become mandatory under Proper Practices by 2028/2029.



SECTION ONE - PROPER PRACTICES ANNUAL GOVERNANCE STATEMENT

Assertion 3 - Compliance with laws, regulations and proper practices

2025 guide	2026/27 guide
Page 11	Page 10

Assertion amended to state:

We have assured ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.

Assertion 10 – Digital and data compliance

2025 guide	2026/27 guide
Page 14	Pages 13

Assertion wording added:

We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.

2025 guide	2026/27 guide
Page 15	Page 14
Paragraph 1.51	

Legislation updated to:

UK General Data Protection Regulation (UK GDPR)

SECTION TWO - PROPER PRACTICES THE STATEMENT OF ACCOUNTS

Introduction

2025 guide	2026/27 guide
Page 17	Page 16
Paragraph 2.91	

Paragraph amended to:

Where an error has been identified in the prior year's accounts, after the external auditor's review, which has resulted in a change to the original submitted figures, then the corrected figure needs to be inserted into the prior year column of the current year's Annual Governance and Accountability Return. The authority must clearly indicate that the prior year column in the accounting statements is 'Restated' and inform the external auditor of the reason for the restatement.



Line 11 - Disclosure note re trust funds (local councils only) – note the changes in bold text apply to the AGAR for 2026-27 and not 2025-26

2025 guide	2026/27 guide
Page 21	Page 20
Paragraphs 2.31-2.32	

Paragraphs amended to state:

- 2.31 Cell 11 requires a local council to answer ‘Yes’ or ‘No’ to whether the figures in Section 2 of the Annual Governance and Accountability Return **include** any trust transactions or balances (see paragraph 1.46 above).
- 2.32 Where a body is NOT a sole managing trustee, it must answer ‘**No**’.

SECTION FOUR — BEST PRACTICE GUIDANCE FOR INTERNAL AUDIT

Internal Audit Checklist

2025 guide	2026/27 guide
Page 29	Page 28
Control Objective F	

Word ‘petty’ removed from the objective and first bullet point amended to state:

A number of authorities are now running down and closing their petty cash accounts and using debit/ credit cards for ad hoc purchases. Consequently, where no payments are made in physical cash, a “Not covered” response is required in this area.

2025 guide	2026/27 guide
Page 32	Page 31
Control Objective L	

Expected controls amended to state:

IAs should review the Authority’s website ensuring that all required documentation is published in accordance with the relevant legislation, including publishing the ICO publication scheme on its website.

2025 guide	2026/27 guide
Page 32	Page 31
Control Objective O	

New objective added:

The authority complied with laws, regulations & proper practices relating to digital and data compliance.

Bullet Points added:

- Ensure local authority has, as a minimum, a single generic email address on an authority owned domain.



- Check that website accessibility has been tested, at least annually, and that the accessibility statement has been updated as required.
- Check when the authority last completed a data audit.
- Ensure the authority has prepared and formally adopted a data protection policy that is reviewed at least once annually.
- Ensure the authority has an up to date IT policy in place.

2025 guide	2026/27 guide
N/A	Page 31
Control Objective P	

Previous Control Objective O, Trust Funds, moved to Control Objective 'P'

SECTION FIVE — SUPPORTING INFORMATION FOR OFFICERS

Introduction

2025 guide	2026/27 guide
Page 34	Page 33
Paragraph 5.6	

Paragraph updated to state:

In accordance with Section 6 of the Local Audit and Accountability Act 2014 and The Local Audit (Amendment of Definition of Smaller Authority) Regulations 2026, an authority is a 'smaller authority' for a financial year if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed the relevant upper threshold for that year or either of the two previous years. This section of the guide uses the term 'authority' to refer to all types of smaller authority.

2025 guide	2026/27 guide
Page 34	Page 33
Paragraph 5.7	

'£6.5m limit' replaced with 'upper threshold'.

AGS Assertion 1 — Financial management and preparation of accounts

2025 guide	2026/27 guide
Page 36	Page 35
Paragraph 5.24	

'Petty cash tin' amended to 'cash floats' in the model bank reconciliation.

AGS Assertion 4 — Exercise of public rights

2025 guide	2026/27 guide
Page 42	Page 41
Paragraph 5.79	



Paragraph updated to state:

Proper practices and the flow charts in Section 6 include guidance for this area but the key points are:

- there must be a single period of 30 working days for inspection (this excludes weekends and public holidays) which must include the first 10 working days of July;
- accounts and supporting records must be made available at reasonable times; and
- the authority must give a day's notice of commencement of the inspection period, published together with sections 1 and 2 of the AGAR which have been approved by the authority.

AGS Assertion 10 — Digital and data compliance

2025 guide	2026/27 guide
Page 46	Pages 45
Paragraph 5.119	

'(excluding Parish Meetings)' removed for clarity.

2025 guide	2026/27 guide
Page 47	Pages 46
Paragraph 5.124	

First bullet point updated to state:

- Appoint a Data Protection officer to oversee data protection and ensure compliance with GDPR (Under Section 7 of the DPA 2018, Parish Councils and Parish Meetings are exempt from this requirement).

AGAR Accompanying Information

2025 guide	2026/27 guide
Page 55	Page 54
Paragraph 5.201	

Additional text and link added:

Details of the thresholds used by auditors are set out in the National Audit Office Auditor Guidance Note 2 (AGN 02). The purpose of showing comparative values in financial statements is so that the reader can observe and note any changes in levels of activity from one year to the next. The absence of significant variances from one year to the next implies that the authority has continued to provide budgeted services at the same level and approximately at the same cost as previously.

Terms of Reference

2025 guide	2026/27 guide
Pages 69-74	N/A

Removed