

Addressing the local audit backlog in England: Consultation

Responses in red

Questions

Q1. Notwithstanding the possibility of exemptions in exceptional circumstances (covered by questions 3 and 4 below), do you agree that Category 1 authorities should be required to have published audited accounts for all financial years up to and including financial year 2022/2023 by 30 September 2024? (agree, disagree, unsure)

Agree

Do you have any comments on this issue?

No

Q2. Do you agree that the requirement at Regulation 10(2) for Category 1 authorities to publish a delay notice should be disapplied in relation to any outstanding audits covering financial years 2015/2016 to 2022/2023? (agree, disagree, unsure)

Agree

Do you have any comments on this issue?

No

Q3. Do you think it would be appropriate for Category 1 authorities to be exempt from the statutory backstop date of 30 September in circumstances where the auditor is unable to issue their opinion due to outstanding objections to the accounts that could be material to that opinion? (agree, disagree, unsure)

Agree

Please explain your response.

Authorities can not be required to do something that is outside of their control. Audit firms should prioritise resolving those objections.

Q4. Do you think there would be any other exceptional circumstances which might create conditions in which it would be appropriate for Category 1 authorities to be exempt from the 30 September backstop date? (agree, disagree, unsure)

Agree

Please explain your response, including, where relevant, details of exceptional circumstances you consider would justify an exemption.

Does not apply to us. But where Authorities have outstanding audit issues that affect a number of years of accounts, they should be given reasonable time to prepare all those Accounts. This would especially apply where an auditor was looking to provide a full opinion (not disclaimed) on an earlier set(s) of Accounts before the end of September.

Q5. We intend to publish a list of local bodies and audit firms which meet statutory deadlines for the publication of audited accounts and those which do not. Do you think there should be additional consequences for Category 1 authorities or audit firms (excluding an authority or firm covered by an exemption) if they do not comply with the statutory deadline of 30 September 2024? (agree, disagree, unsure)

Unsure

Please explain your response and, where relevant, include any suggested consequences.

Should be reviewed on a case-by-case basis. This is a significant change in a short timescale, and the focus should be on working together to provide the desired outcome. If a review shows either Authorities or audit firms not working towards the intentions of the changes, the additional action could be considered.

Q6. Notwithstanding the possibility of exemptions in exceptional circumstances (covered by questions 7 and 8 below), do you agree that Category 1 local authorities should be required to publish audited accounts for financial years 2023/2024 to 2027/2028 by the following dates (agree, disagree, unsure)?

Unsure

- 2023/24: 31 May 2025
- 2024/25: 31 March 2026
- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028

Do you have any comments on these dates?

The 2023/24 date should be delayed so that it doesn't happen on the same day as the need to complete the draft 2024/25 Accounts. Also (for those Authorities that have elections in May 2025, or even for those that don't have elections but will see changes in the membership of their Audit Committee.

Q7. Do you think it would be appropriate for Category 1 authorities to be exempt from the statutory backstop dates for Phase 2 in circumstances where the auditor is unable to issue their opinion due to outstanding objections to the accounts that could be material to that opinion? (agree, disagree, unsure)

Agree

Please explain your response.

Authorities can not be required to do something that is outside of their control. Audit firms should prioritise resolving those objections.

Q8. Do you think there would be any other exceptional circumstances which might create conditions in which it would appropriate for Category 1 authorities to be exempt from the backstop dates for Phase 2? (agree, disagree, unsure)

Unsure

Please explain your response, including, where relevant, details of exceptional circumstances you consider would justify an exemption.

If legitimate circumstances arise, then they should be considered.

Q9. We intend to publish a list of local bodies and audit firms which meet statutory deadlines for the publication of audited accounts and those which do not. Do you think there should be additional consequences for Category 1 authorities or audit firms (excluding an authority or firm covered by an exemption) if they do not comply with the statutory deadlines for Phase 2? (agree, disagree, unsure)

Unsure

Please explain your response and, where relevant, include any suggested consequences.

Should be reviewed on a case-by-case basis. This is a significant change, and the focus should be on working together to provide the desired outcome. If a review shows either Authorities or audit firms not working towards the intentions of the changes, the additional action could be considered.

Q10. The Accounts and Audit Regulations 2015 (regulation 15(1)(a)) currently requires Category 1 local authorities to publish unaudited accounts by the 31 May following the end of the financial year. In light of the proposed deadlines for the publication of audited accounts, do you think the 31 May deadline remains appropriate for financial years 2024/2025 to 2027/2028? (agree, disagree, unsure)

Unsure

Please explain your response.

Should be reviewed on a case-by-case basis. This is a significant change and the focus should be on working together to provide the desired outcome. If a review shows either Authorities or audit firms not working towards the intentions of the changes, the additional action could be considered.

Q11. The existing annual deadline for the publication of unaudited accounts is 31 May. As set out above, we are proposing a backstop date for the publication of audited accounts for the financial year 2023/2024 of 31 May 2025. This would mean that 31 May 2025 would be the statutory deadline for both the publication of audited accounts for financial year 2023/2024 and unaudited accounts for financial year 2024/2025. Do you expect this would create any significant issues? (agree, disagree, unsure)

Agree

Please explain your response.

As per previous response the deadline for the 2023-24 publication should be extended. There should also be a consideration of the benefit of Authorities working to complete accounts by 31st May when the audit deadlines are so much later.

Q12. The government anticipates that the Phase 1 backstop proposals will result in modified or disclaimed opinions. A modified or disclaimed opinion at the end of Phase 1 would require auditors to subsequently rebuild assurance. The Phase 2 backstop dates are intended to enable this work to be spread across multiple years. Given this additional work, and noting the further explanation at paragraphs 15 to 46 of the [Joint Statement](#), do you have any views on the feasibility of audited accounts being published by the proposed statutory backstop dates for Phase 2?

It will down to how the audit firms look to rebuild that assurance do they do a gradual rebuild across all Authorities over a certain period, or do they do a faster builder for some, but at the expense of a slower rebuild for others.

Question

Q13. Do you agree that it would be beneficial for the 2015 Regulations be amended so that Category 1 bodies would be under a duty to consider and publish audit letters received from the local auditor whenever they are issued, rather than, as is currently the case, only following the completion of the audit? (agree, disagree, unsure)

Agree

Do you have any comments on this issue?

Timely communication allows better governance and risk assurance.

Question

Q14. Do you have any comments on whether any of the proposals outlined in this consultation could have a disproportionate impact, either positively or negatively, on people with protected characteristics or wish to highlight any other potential equality impacts?

No.

Further feedback

Question

Q15. Finally, do you have any further comments on the proposed changes to the 2015 Regulations not covered by the questions so far, including relating to any unintended consequences?

The main consequence will be how the audit firms manage their work and capacity- especially up to September 2024. This may depend on the motivations for the audit firm e.g. in terms of level of scale fee that they can justify and focusing on certain Authorities.

Also need to consider a joint strategy on how this is communicated more widely, e.g. to members of the public who are interested in Local Government finance.