

# Public Document Pack



Ribble Valley  
Borough Council

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Dear Councillor

The next meeting of the **ACCOUNTS AND AUDIT** Committee will be held at **6.30 pm** on **WEDNESDAY, 2 FEBRUARY 2022** in the **Council Chamber, 13 Church Street, Clitheroe, BB7 2RA.**

I do hope you can be there.

Yours sincerely

*M. H. Scott*

CHIEF EXECUTIVE

## AGENDA

1. **APOLOGIES FOR ABSENCE**
2. **TO APPROVE THE MINUTES OF THE PREVIOUS MEETING** (Pages 3 - 8)
3. **DECLARATIONS OF DISCLOSABLE PECUNIARY, OTHER REGISTRABLE AND NON REGISTRABLE INTERESTS**

Members are reminded of their responsibility to declare any disclosable pecuniary, other registrable or non-registrable interest in respect of matters contained in the agenda.

4. **PUBLIC PARTICIPATION**

### ITEMS FOR DECISION

5. **OPTING INTO THE NATIONAL SCHEME FOR EXTERNAL AUDITORS APPOINTMENTS** (Pages 9 - 16)  
Report of Director of Resources enclosed.
6. **CLOSURE OF ACCOUNTS TIMETABLE 2021/22** (Pages 17 - 60)  
Report of Director of Resources enclosed.
7. **REVIEW OF REPRESENTATION ON OUTSIDE BODIES** (Pages 61 - 64)  
Report of Chief Executive enclosed.

## **ITEMS FOR INFORMATION**

8. **INTERNAL AUDIT PROGRESS REPORT 2021/22** (Pages 65 - 70)  
Report of Director of Resources enclosed.
9. **AUDIT PROGRESS REPORT AND SECTOR UPDATE** (Pages 71 - 88)  
Report of Grant Thornton enclosed.
10. **REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES**  
None.
11. **EXCLUSION OF PRESS AND PUBLIC**  
None.

Electronic agendas sent to members of Accounts and Audit – Councillor David Berryman (Chair), Councillor Susan Bibby, Councillor Louise Edge, Councillor Kerry Fletcher, Councillor Stewart Fletcher, Councillor Jonathan Hill, Councillor Stuart Hirst, Councillor Richard Newmark, Councillor David Peat, Councillor James (Jim) Rogerson and Councillor Richard Sherras (Vice-Chair).

Contact: Democratic Services on 01200 414408 or [committee.services@ribblevalley.gov.uk](mailto:committee.services@ribblevalley.gov.uk)

## Minutes of Accounts and Audit

Meeting Date: Wednesday, 17 November 2021, starting at 6.30 pm  
Present: Councillor D Berryman (Chair)

Councillors:

S Bibby	S Hirst
L Edge	R Newmark
K Fletcher	D Peat
S Fletcher	J Rogerson
J Hill	R Sherras

In attendance: Chief Executive, Director of Resources and Head of Financial Services

478 APOLOGIES FOR ABSENCE

There were no apologies for absence.

479 TO APPROVE THE MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 29 September 2021 were approved as a correct record and signed by the Chairman.

480 DECLARATIONS OF DISCLOSABLE PECUNIARY, OTHER REGISTRABLE AND NON REGISTRABLE INTERESTS

There were no declarations of disclosable pecuniary, other registrable or non-registrable interests.

481 PUBLIC PARTICIPATION

There was no public participation.

482 ANNUAL GOVERNANCE STATEMENT

The Director of Resources sought Committee's approval of the Annual Governance Statement for 2020/21.

Members were reminded that all councils are required to prepare an Annual Governance Statement each year in accordance with the "Delivering Good Governance in Local Government Framework" and to publish the extent to which they comply with their own Local Code of Corporate Governance. This code includes how the Council has monitored the effectiveness of its governance arrangements in the previous financial year and details any planned changes in the coming period.

The report noted that:

- The Annual Governance Statement is a backward-looking review of how the Council had performed in relation to the principles set out at the beginning of each year in its own Local Code of Corporate Governance.
- In reviewing how the Council and its staff and members had acted over the period of the review, evidence had also been gathered to support the Report's conclusions.

- There had been several issues raised in the review and progress on these issues had been detailed in the report.
- The Annual Governance Statement had to be published alongside the Council's Statement of Accounts and that this is currently on the Council's website together with a draft (subject to audit) copy of the Statement of Accounts.

RESOLVED THAT COMMITTEE:

Approve the Annual Governance Statement 2020/21 as outlined in the report.

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#### AUDIT FINDINGS REPORT

Georgia Jones, Key Audit Partner submitted a report on behalf of Grant Thornton which outlined their audit findings and key matters arising from the audit of the Council's financial statements for the year ending 31 March 2021.

She reminded members that:

Under International Standards of Audit and the National Audit Office, Grant Thornton are required to report on whether the Council's financial statements give a true and fair view of the Council's financial position and its income and expenditure for the year.

She informed Committee that:

- The audit had been prepared in line with the appropriate codes of practice.
- Their work is substantially complete, and subject to the outstanding matters set out in the report, including receipt of the management representation letter and review of the final set of financial statements, currently there were no matters that would require modification of their audit opinion.
- Grant Thornton anticipated providing an unqualified opinion on the financial statements subject to the outstanding matters being resolved and that there were no significant issues to be brought to Committee's attention.
- Regarding the value for money conclusions this work had not yet been completed, however, they expected to issue their Auditor's Annual Report by January 2022, which is in line with the National Audit Office's revised deadline.
- There was no anticipated impact on their audit opinion and their proposed opinion would remain unmodified in respect of a going concern.

Georgia asked to put on record her thanks to the Head of Financial Services and his team for their work.

RESOLVED:

The Chairman thanked Grant Thornton for this report.

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#### LETTER OF REPRESENTATION

The Director of Resources submitted a report which included a Letter of Representation that Grant Thornton had required to be signed before they could sign off the accounts.

The letter set out assurances from the Council to Grant Thornton that relevant accounting standards had been complied with and gave further assurances that the Council had disclosed information, which if it was withheld, would undermine the accuracy and reliability of the Statement of Accounts.

#### RESOLVED THAT COMMITTEE:

Approve the letter of representation to Grant Thornton for 2020/21.

485

#### APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2020/21

The Director of Resources submitted a report asking Committee to formally approve the Statement of Accounts for 2020/21 following completion of the audit.

The Head of Financial Services reminded Members that their role in approving the Statement of Accounts, following the conclusion of the audit, was to demonstrate their ownership of the statements, their confidence in the Director of Resources and the process by which accounting records are maintained and the statements prepared.

He reported that:

- It had not been possible to meet the publication deadline this year due to technical complications in respect of the numerous COVID-19 funding streams and the additional work associated with the pandemic.
- There had been a final outturn surplus of £158,496 rather than the £187,000 deficit forecast as at the revised estimate.
- There had been £1,398,000 more (revenue only) added to the earmarked reserves than forecast as at the revised estimate, and that this had been largely due to the accounting treatment required for grants received, but yet to be spent – notably COVID-19 grants.
- The large movements in the Council's earmarked reserves in respect of COVID-19 are expected to be held in the short term, particularly the £2.578m in respect of the Business Rates S31 funding which will offset the collection fund deficit in 2021/22.

The Chairman thanked the Head of Financial Services and his staff for all their hard work in achieving the closedown of the accounts.

#### RESOLVED THAT COMMITTEE:

Approve the audited Statement of Accounts for 2020/21.

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#### INFORMING THE AUDIT RISK ASSESSMENT

The Director of Resources submitted a report informing members of the material accounting estimates that had been made and the methods that had been employed in arriving at the values used in the Statement of Accounts. The report also asked

members to endorse the processes that had been followed in arriving at such estimates.

Also included under this item was a report from Grant Thornton that covered important areas of the auditor risk assessment where there had been a requirement to make inquiries of the Accounts and Audit Committee under auditing standards.

Members were reminded that the Council's external auditors, Grant Thornton are required to:

- Understand and assess the Council's internal controls over accounting estimates.
- Obtain an understanding of the role of the Accounts and Audit Committee, particularly where estimates have a high estimation uncertainty, or require significant judgement.

RESOLVED THAT COMMITTEE:

1. Endorse the approaches followed in respect of significant estimates as outlined in the report, and
2. Acknowledge the responses made to the Grant Thornton document '*Informing the audit risk assessment for Ribble Valley Borough Council 2020/21*'.

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#### INTERNAL AUDIT ANNUAL REPORT 2020/21

The Director of Resources submitted, for information, the internal audit annual report for 2020/21 along with the audit opinion for the 2020/21 financial year.

The report noted that:

- Having reviewed the work of the internal audit team and the Mersey Internal Audit Agency (MIAA), it was concluded that sufficient assurance work had been carried out to allow the provision of an overall opinion in respect of the 2020/21 financial year of 'substantial assurance' on the adequacy and effectiveness of Ribble Valley Borough Council's internal control environment.
- The audit function had been impacted by recruitment difficulties, but it was recognised that this was a national issue and one also being shared by neighbouring authorities.
- Work was ongoing to successfully recruit to the post of Internal Audit Manager and until that was possible, the services of MIAA would continue to be used.

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#### INTERNAL AUDIT PROGRESS REPORT 2021/22

The Director of Resources submitted a report for information on the progress of the internal audit work to the end of October 2021.

The report noted that:

- Audit coverage had been lower than that originally planned and as a result additional external resources had been engaged and would continue whilst needed.

- Staff vacancies have had an impact on coverage, as a consequence the Services of the Mersey Internal Audit Agency (MIAA) would continue to be used to help ensure adequate audit coverage.
- It was anticipated that all originally planned audits would not be able to be covered, but that there would be adequate coverage together with the work of MIAA to be able to provide members with an informed Audit Opinion at the end of the year.

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## S106 AGREEMENTS

The Director of Economic Development and Planning submitted a report for information updating members on Section 106 Agreements and planning obligations secured as part of planning applications.

The report outlined the background to the planning obligations under Section 106 of the Town and Country Planning Act 1990. It explained that:

- Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as S106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development.
- Most obligations are subject to conditions and include the timings of commuted payments made at trigger points.
- The obligations are continually monitored using various mechanisms.
- Utilisation of the receipted S106 contributions are reported to the relevant service committee with authority sought to either utilise the contribution or give it to a third party to accord with the requirements of the agreement.

Members were reminded that the Council had chosen not to implement a Community Infrastructure Levy (CIL) when it was introduced in 2010, instead it choose to continue negotiating planning obligations via S106 and that further outcomes on CIL were still awaited in a Government White Paper.

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## REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES

There were no reports from representatives on outside bodies.

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## EXCLUSION OF PRESS AND PUBLIC

There were no items under this heading.

The meeting closed at 7.22 pm

If you have any queries on these minutes please contact the committee clerk, Olwen Heap [olwen.heap@ribblevalley.gov.uk](mailto:olwen.heap@ribblevalley.gov.uk).

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## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 2 FEBRUARY 2022  
title: OPTING INTO THE NATIONAL SCHEME FOR EXTERNAL AUDITOR  
APPOINTMENTS  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

### 1 PURPOSE

1.1 To set out proposals for appointing the external auditor to the Council for the five-year period from 2023/24

1.2 Relevance to the Council's ambitions and priorities:

- Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.

### 2 BACKGROUND

2.1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23. Under this arrangement Grant Thornton were appointed as our external auditors.

2.2 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28.

2.3 Members were provided with a detailed report at their meeting on 29 September 2021 which informed members of the details regarding this appointment, including a report issued by the Public Sector Audit Appointments at that time regarding consultation responses received in respect of the appointment of auditors for the period 2023/24 to 2027/28.

2.4 All local government bodies need to make a decision about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

2.5 There are currently only nine accredited audit firms able to carry out local authority external audits. These are:

- BDO LLP
- Cardens Accountants LLP
- Deloitte LLP
- Ernst & Young LLP
- Grant Thornton UK LLP
- KPMG LLP
- Mazars LLP
- PricewaterhouseCoopers LLP
- Azets Audit Services Limited.

### 3 PROPOSED ACTION

3.1 It is suggested that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:

- collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
- if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

3.2 The LGA's view is that the national framework remains the best option for councils; see Annex A for a copy of the letter they sent to all authorities on this matter.

### 4 OTHER OPTIONS

4.1 As mentioned above, the Council does have the option to arrange its own procurement and make the appointment itself or in conjunction with other bodies.

4.2 The possibility of undertaking a joint external audit procurement for the Lancashire authorities had been mooted in past meetings by the S151 officers. There was no appetite for doing this, as most authorities were minded to join the PSAA process to benefit from economies of scale.

### 5 NEXT STEPS

5.1 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at Full Council.

5.2 The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return a completed opt-in document to PSAA by 11 March 2022.

### 6 RISK ASSESSMENT

6.1 The approval of this report may have the following implications

- Resources - The proposal to join the PSAA procurement is considered to have the least resource requirement on the Council, and is considered most likely to deliver a value for money contractor
- Technical, Environmental and Legal - The Council is required to appoint an external auditor
- Political - No implications identified.
- Reputation - No implications identified.
- Equality and Diversity - No implications identified.

7 RECOMMENDED THAT COMMITTEE

- 7.1 Recommend to Full Council that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

LAWSON ODDIE  
HEAD OF FINANCIAL SERVICES

JANE PEARSON  
DIRECTOR OF RESOURCES

AA4-22/LO/AC  
25 January 2022

From the Chairman of the Association  
Cllr James Jamieson



**To: Mayors/Leaders/Chief Executives/Chief Finance Officers of English Principal Councils**

23 September 2021

Dear Jane Pearson,

**Retender of External Audit Contracts**

I am writing because your council must shortly make a decision whether to opt into the national arrangement for the procurement of external audit or procure external audit for itself, and to set out the LGA's view on that decision.

In most councils this matter will be considered first in detail by the Audit Committee. You will therefore no doubt wish to pass on a copy of this letter and the more detailed attachment to the colleague who chairs the relevant committee.

Legislation requires a resolution of Full Council if a local authority wishes to opt into the national arrangement. The practical deadline for this decision is 11<sup>th</sup> March 2022. As this is a decision for the Full Council, I wanted to ensure that you had sight of the letter that has been sent to audit and finance colleagues and that you are aware of the crucial issues to be considered.

The way external audit has operated over the last couple of years has been extremely disappointing. This has led to many audits being delayed and dozens of audits remain uncompleted from 2019/20. Dealing with these issues is not a quick or easy fix.

Nevertheless, the LGA's view is that the national framework remains the best option for councils. There are many reasons for favouring the national arrangements and we think those reasons have become more compelling since 2016/17 when councils were last asked to make this choice.

We believe that in a suppliers' market it is imperative that councils act together to have the best chance of influencing the market and for nationally coordinated efforts to improve the supply side of the market to be effective.

The information attached goes into more detail about the background to this decision. My officers will be happy to answer any questions you may have. Please contact Alan Finch ([alan.finch@local.gov.uk](mailto:alan.finch@local.gov.uk)) if you have any issues you would like to raise.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Jamieson', written over a light blue horizontal line.

Cllr James Jamieson  
Chairman

cc: Chief Executive  
Chief Finance Officer

**RETENDER OF EXTERNAL AUDIT CONTRACTS****Information from the LGA for those charged with governance**

The process for retendering for external audit in local authorities in England, for contracts due to start from 2023/24, is now underway and shortly the council will need to decide whether to procure its own external auditor or opt into the national procurement framework.

Legislation requires a resolution of Full Council if a local authority wishes to opt into the national arrangement. The deadline for this decision is the 11<sup>th</sup> March 2022. If the council doesn't make such a decision, the legislation assumes that the council will procure its own external audit, with all the extra work and administration that comes with it.

The national framework remains the best option councils can choose. There are many reasons for favouring the national arrangements and we think those reasons have become more compelling since 2016/17 when councils were last asked to make this choice.

The way external audit has operated over the last couple of years has been extremely disappointing. A lack of capacity in the audit market has been exacerbated by increased requirements placed on external auditors by the audit regulator. There is also a limited number of firms in the market and too few qualified auditors employed by those firms. This has led to a situation where many audits have been delayed and dozens of audit opinions remain outstanding from 2019/20 and 2020/21. Auditors have also been asking for additional fees to pay for extra work.

As the client in the contract, a council has little influence over what it is procuring. The nature and scope of the audit is determined by codes of practice and guidance and the regulation of the audit market is undertaken by a third party, currently the Financial Reporting Council. Essentially, councils find themselves operating in what amounts to a suppliers' market and the client's interest is at risk of being ignored unless we act together.

Everyone, even existing suppliers, agrees that the supply side of the market needs to be expanded, which includes encouraging bids from challenger firms. Public Sector Audit Appointments Ltd (PSAA), the body nominated by the Government to run the national arrangements, has suggested various ways this could be done, but these initiatives are much more likely to be successful if a large number of councils sign up to the national scheme.

It is therefore vital that councils coordinate their efforts to ensure that the client voice is heard loud and clear. The best way of doing this across the country is to sign up to the national arrangement.

To summarise, the same arguments apply as at the time of the last procurement:

- A council procuring its own auditor or procuring through a joint arrangement means setting up an Audit Panel with an independent chair to oversee the procurement and running of the contract.
- The procurement process is an administrative burden on council staff already struggling for capacity. Contract management is an ongoing burden.
- Procuring through the appointing person (PSAA) makes it easier for councils to demonstrate independence of process.
- Procuring for yourself provides no obvious benefits:
  - The service being procured is defined by statute and by accounting and auditing codes
  - Possible suppliers are limited to the small pool of registered firms with accredited Key Audit Partners (KAP).

- Since the last procurement it is now more obvious than ever that we are in a 'suppliers' market' in which the audit firms hold most of the levers.
- PSAA has now built up considerable expertise and has been working hard to address the issue that have arisen with the contracts over the last couple of years:
  - PSAA has the experience of the first national contract. The Government's selection of PSAA as the appointing person for a second cycle reflects MHCLG's confidence in them as an organisation.
  - PSAA has commissioned high quality research to understand the nature of the audit market.
  - It has worked very closely with MHCLG to enable the government to consult on changes to the fees setting arrangements to deal better with variations at national and local level, hopefully resulting in more flexible and appropriate Regulations later this year

Councils need to consider their options. we have therefore attached a list of Frequently Asked Questions relating to this issue which we hope will be useful to you in reaching this important decision.

When the LGA set up PSAA in 2015, we did so with the interests of the local government sector in mind. We continue to believe that the national arrangement is the best way for councils to influence a particularly difficult market.

If you have any questions on these issues please contact Alan Finch, Principal Adviser (Finance) ([alan.finch@local.gov.uk](mailto:alan.finch@local.gov.uk)).

**PROCUREMENT OF EXTERNAL AUDIT from financial year 2023/24****FREQUENTLY ASKED QUESTIONS**

“Were prices set too low in the current contract?”

It is clear that firms did submit bids that reflected what seemed at the time to be very stable market conditions. Unfortunately, a series of financial collapses in the private sector have since created a very different climate and resulted in a whole series of new regulatory pressures. It is very likely that firms thought they could make savings as a result of the new timetable, essentially finishing the accounts audits by the end of July each year. Of course, that is not what has happened.

The Government opened up the market principally on the argument that costs would reduce, and views were mixed in the sector when the first contract was being let. Some councils wanted more savings and some were worried about reduced standards.

“Has the current contract helped cause these issues?”

Since the current contract is based around the Code of Audit Practice and the local government accounting code, this is unlikely. The first year of the new contract coincided with the introduction of new standards and with the emergence of some difficult audit issues such as the [McCloud judgement](#) (a legal case which affected the valuation of pension liabilities). The second year was affected by COVID-19. This laid bare the lack of capacity in the supplier side of the market and led to considerable delays. It is hard to see how the contract could have pre-empted this, but now we are clearer about the level of uncertainty in the system, the next contract can adjust for it.

“If we let our own contract, could we have more influence over auditors?”

No. The auditors are required to be independent and are bound by the Codes and need to deliver to them in line with the regulator’s expectations or face action under the regulatory framework.

As far as delays in audits is concerned, auditors are required to allocate resources according to risk and councils that procure for themselves will find themselves in the same queue as those within the national arrangement.

“If we let our own contract, can we get the auditors to prioritise our audit over others?”

Very unlikely. Auditors are running at full capacity and have to deploy resources according to their assessment of audit risks in accordance with professional standards. It is very unlikely that auditors could give preference to some clients rather than others even if they wanted to.

“Didn’t we used to get more from our auditors?”

Yes we did. For example, auditors were often prepared to provide training to audit committees on a pro-bono basis. The fact that they used to be with us for most of the year meant officers could develop professional working relationships with auditors and they understood us better, within the boundaries required of their independent status. Auditors no longer have the capacity to do extra work and the light shone on audit independence in other sectors of the economy has reinforced the rules on the way auditors and councils work together.

“Under the national framework we have had to negotiate our own fee variations. Will that continue to be the case?”

Unfortunately, virtually all councils have had to engage in discussions with auditors about fee variations linked to new regulatory requirements and, of course, the challenges of COVID-19. SAA has worked hard with MHCLG to enable the recent consultation on changes to the fee setting regime, and the resulting regulatory change will bring scope for more issues to be settled at a national level in future.

“Can we band together in joint procurements to get most of the benefits of not going it alone?”

We understand that this is lawful. However, joint procurement partners would not be part of PSAA’s efforts on behalf of the sector to increase the number of firms competing in the market, which will therefore be less likely to succeed.

At best, joint procurement spreads the pain of procuring over a larger number of councils and at worst it introduces a new layer of bureaucracy, because someone is going to have to take the lead and bring all the members of the consortium along. It’s not altogether clear to us why a joint procurement would be better than the national contract, especially as the consortium would then have to manage the contract throughout its life (for example, the implications of changes of audit scope).

## **RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE**

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meeting date: 2 FEBRUARY 2022  
title: CLOSURE OF ACCOUNTS TIMETABLE 2021/22  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

### 1 PURPOSE

- 1.1 To remind members of the statutory deadline for the closure of our accounts.
- 1.2 To inform members of the benefits of closing down in a timely manner, in particular the good governance aspects.
- 1.3 To consider the detailed timetable to be adhered to if we are to achieve the required deadlines.

### 2 BACKGROUND

- 2.1 The deadlines for the preparation of the statement of accounts and the audit of the same has were extended with effect from the closure of the 2020/21 financial statements, and also apply to the 2021/22 financial statements.
- 2.2 This was the first action to be completed in implementing the recommendations of the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities.
- 2.3 The Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) came in to force on 31 March 2021 (for two years) and set the draft accounts publication date to 1 August and the final accounts publication date as 30 September.
- 2.4 The Department for Levelling Up, Housing and Communities (DLUHC) have written to local authorities and relevant audit firms to provide an update on action the government is taking to help tackle audit delays.
- 2.5 As part of these wider measures there is a temporary measure being proposed for consultation, to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. No extension is proposed by DLUHC for our deadline for the production of the draft accounts for audit (currently 1 August). The full document with proposals is attached at Annex 2.
- 2.6 The Accounts and Audit Regulations themselves set out detailed requirements in relation to duties and rights. The Regulations have important implications for local authorities in terms of planning to ensure critical tasks are met and the approval of accounts carried out by set deadlines.

### 3 THE ACCOUNTS AND AUDIT REGULATIONS

3.1 The principal matters covered by the regulations relevant to accounts preparation are:

- the responsible financial officer must ensure that the accounting records kept by the authority are sufficient to enable the preparation of the statement of accounts

- the statement of accounts is required to be prepared in accordance with the Regulations and proper practices in relation to accounts.
- the responsible financial officer is required to certify that the accounts give a “true and fair view” of the financial position
- at the point of certifying the accounts the authority must commence a 30 working day period for the exercise of public rights.
- advertisement of the 30 working day period for the exercise of public rights must be published on the council’s website including a copy of the unaudited statement of accounts together with a declaration of the responsible financial officer as to the status of the accounts as unaudited and that they may be subject to change.
- conduct a review of the effectiveness of the system of internal control, which will feed into the preparation of the annual governance statement
- the authority is to allow access to the accounts and specified supporting documents during the period for the exercise of public rights
- following the conclusion of the period for the exercise of public rights, consider either by way of a committee or by the members meeting as a whole, the statement of accounts and approve the statement of accounts by a resolution of that committee or meeting.
- publication of the audited accounts is to be achieved by 30 September following the Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) coming in to force.
- as soon as reasonably practicable after conclusion of the audit publish a statement that the audit has been concluded and that the statement of accounts has been published, and the rights of inspection of the same.

The Regulations stipulate various responsibilities for the closure of accounts;

#### **Members**

- Consider the findings of the annual review of the effectiveness of the system of internal control and approve the annual governance statement
- following the conclusion of the period for the exercise of public rights and following the audit, consider the statement of accounts and approve the same and ensure that the statement of accounts is signed and dated by the person presiding at the committee at which that approval is given
- Where, following completion of an audit, the council receives any audit letter, committee must meet to consider its contents as soon as reasonably practicable.

#### **Responsible Financial Officer**

- Determining on behalf of the authority, and ensuring they are observed and kept up to date -
  - The form of its accounting records and supporting records; and
  - Its financial control systems
- Accounting records must, in particular, contain -
  - entries from day to day of all sums of money received and expended by the authority and the matters to which its income and expenditure or receipts and payments relate; and
  - a record of the assets and liabilities of the authority.

- The financial control systems must include
  - measures to ensure that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable;
  - measures to enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records; and
  - measures to ensure that risk is appropriately managed;
  - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers.
- On behalf of the authority
  - sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of the financial position of the authority at the end of the financial year to which it relates, and of the authority's income and expenditure for that financial year;
  - ensures that commencement of the period for the exercise of public rights takes place
- As soon as reasonably practicable after conclusion of an audit, publish on the website
  - a statement that the audit has been concluded and that the statement of accounts has been published
  - a statement of the rights of inspection conferred on local government electors and the address and hours during which, those rights may be exercised

## 4 GOVERNANCE ISSUES

4.1 The timely production of the statement of accounts is an essential element of good governance, therefore enabling members to;

- Receive assurance that accounting systems have operated adequately and have been closed down satisfactorily
- Have confidence that the budget for the current year has a secure foundation
- Understand the corporate financial performance during the year and also the position at 31 March
- Adopt the statement of accounts

4.2 It is important that members are aware of the comfort gained from having the statement of accounts published and also that this comfort should be provided at the earliest opportunity.

## 5 OTHER ISSUES

### ***Budget Implications***

5.1 It is imperative that the accounts for the current year are closed in a timely manner in order to inform the budget setting process for future years. This allows us to be in a position to consider the council's reserves and balances and areas of over/under spending with greater certainty.

### ***Practical Issues***

- 5.2 The closedown timetable shows that we are currently planning to present the audited statement of accounts at the meeting of this committee on Wednesday 23 November 2022 for approval.
- 5.3 Should audit planning and progress allow for an earlier completion of the audit of the Statement of Accounts, it may be possible to bring the audited Statement of accounts to the September meeting of this committee, but members will be kept informed if this were to be possible, but current indications from Grant Thornton are that the audit would be completed for your November meeting.
- 5.4 **It is important that all members endeavour to attend this meeting in order to ensure that the meeting is quorate.**

### ***Timetable***

- 5.5 Based on our past experience, the availability of our external auditors and the statutory deadlines, we have determined a timetable for the closure of our accounts as attached at Annex 1. We firmly believe it is important that all staff are aware of the importance of achieving these deadlines and understand the vital roles they also play. As you will see from the timetable, a number of tasks have already begun or been completed.
- 5.6 You will see this timetable is considerably detailed and clearly indicates who is responsible for which actions. We have used our experience from last year's closure to inform this year's deadlines. Again we intend to monitor when we actually achieve each individual task in order to inform future timetables.

### ***Measures to Improve Local Audit Delay***

- 5.7 As mentioned in the background to this report, DLUHC have written to local authorities and relevant audit firms to provide an update on action the government is taking to help tackle audit delays. A copy of the publication is provided at Annex 2 and covers:
- Measures relating to audit firms and timely completion of audit
  - Measures relating to local bodies and quality of accounts preparation
  - Proposed measures relating to accounting and audit requirements
  - Longer-term measures to help stabilise the market and address long-term supply issues

## 6 RECOMMENDED THAT COMMITTEE

- 6.1 Endorse the suggested approach for the closure of the 2021/22 accounts.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA3-22/LO/AC  
25 January 2022

For further information please ask for Lawson Oddie.

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
1	Fri	14-Jan-22	Distribution of Officer and Member Interests forms with pay slips	Admin Officer/Mayor's Secretary HR Officer Systems and Payments Manager			
2	Fri	28-Jan-22	Deadline for return of Officer and Member Interests Form	Senior Accountant <i>(Health and Housing Committee)</i>	HR Officer Admin Officer/Mayor's Secretary		
3	Fri	04-Feb-22	Local Pensions Partnership Administration – Request for pensions data check	Head of Financial Services	Systems and Payments Manager		
4	Fri	04-Feb-22	Arrange for asset valuations review.	Head of Financial Services	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>		
5	Fri	11-Feb-22	Deadline date for confirmation of pensions data to Local Pensions Partnership Administration Service	Head of Financial Services	Systems and Payments Manager		

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
6	Wed	23-Feb-22	Send email to Heads of Service asking them to review the balance sheet Plant and Equipment items	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	All Heads of Service		
7	Mon	28-Feb-22 and on-going	Detailed <b>review of “open” purchase orders</b> , i.e. cancel/match up to invoice/keep under review to accrue, Ensure GRNs up to date	Procurement Assistant	All Senior Accountants		
8	Mon	07-Mar-22	Inform PAs of the deadline for receipt of holiday and lieu time records into the accounts section, in order to ensure records are up to date.	Senior Accountant <i>(Health and Housing Committee)</i>	All PAs  Community Leisure and Sports Development Manager  Store Person/Admin Officer  Admin Officer/Mayor’s Secretary		
9	Mon - Fri	7-Mar-22 to 18-Mar-22	Grant Thornton undertaking Interim Audit Work	Head of Financial Services			
10	Fri	11-Mar-22	Deadline for responses from Heads of Service following their review of	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	All Heads of Service		

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
			balance sheet Plant and Equipment items				
11	Fri	11-Mar-22	Update Intranet pages relating to the Closure of the Accounts.	Senior Accountant <i>(Health and Housing Committee)</i>	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>		
12	Fri	11-Mar-22	Circulation of <b>closure email</b> and <b>estimated creditor/debtor sheets</b>	Senior Accountant <i>(Health and Housing Committee)</i>			
13	Fri	11-Mar-22	All staff responsible for entering year end invoices onto Financials to have been contacted and any training required arranged.	Systems and Payments Manager	Payments Assistant		
14	Fri	11-Mar-22	Latest date for depreciation transactions to be entered on Civica Financials	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>			
15	Mon	14-Mar-22	Receipt of full revaluations data.	Head of Financial Services	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>		

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
16	Mon	14-Mar-22	Send Request for <b>all</b> utilities meter readings to be taken as at 31 March 2022	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>  Head of Engineering Services  Principal Surveyor		
17	Mon-Thur	14-Mar-22 to 31-Mar-22	Continually ensure that all suspense accounts are cleared to nil	All Senior Accountants  Systems and Payments Manager	Trainee Accounting Technician		
18	Mon - Fri	14-Mar-22 to 25-Mar-22	Continually review credit balances on Debtors prior to final run of Creditor Payments	Systems and Payments Manager	Payments Assistant		
19	Mon - Fri	14-Mar-22 to 25-Mar-22	Continually review disputed creditor invoices and debit balances prior to final run of Creditor Payments	Systems and Payments Manager	Payments Assistant		
20	Fri	18-Mar-22	Request information from Onward Homes for VAT shelter arrangement	Senior Accountant <i>(Health and Housing Committee)</i>			
21	Mon	21-Mar-22	Send out year-end stocktake sheets	All Senior Accountants			

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
22	Tues	29-Mar-22	Last <b>payment</b> run BACS/cheque dated 31 March 2022. Payment run to include <b>ALL</b> outstanding creditor payments (excluding disputed payments)	Systems and Payments Manager	CRM and Web Development Officer		
23	Tues	29-Mar-22	After last payment run, send email to all staff asking them not to enter any more creditor invoices until notified	Systems and Payments Manager			
24	Tues	29-Mar-22	Complete interim review and reconciliation of all capital income and expenditure.	Senior Accountant <i>(Health and Housing Committee)</i>			
25	Thurs PM	31-Mar-22	Send email to all staff asking them <b>not to use</b> the purchasing, creditors or debtors modules of the Financials system until notified.	Systems and Payments Manager			

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
26	Thurs	31-Mar-22	<p><u>ALL stock takes</u> to be carried out:</p> <ul style="list-style-type: none"> <li>• General Stores (Depot)</li> <li>• Paper</li> <li>• Canteen Stock</li> <li>• Civic Regalia</li> </ul>	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	<p>Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i></p> <p>Store Person/Admin Officer</p> <p>Printing and Stationery Officer</p> <p>Admin Officer/Mayor's Secretary</p> <p>PA to Director of Community Services</p>		
27	Thurs	31-Mar-22	<p><u>ALL stock takes</u> to be carried out:</p> <ul style="list-style-type: none"> <li>• Pool</li> <li>• Gallery/TIC</li> </ul>	Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i>	Community Leisure and Sports Development Manager		
28	Thurs	31-Mar-22	<p><u>ALL stock takes</u> to be carried out:</p> <ul style="list-style-type: none"> <li>❖ Pest Control</li> </ul>	Senior Accountant <i>(Health and Housing Committee)</i>	Pest Control Officer		

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
29	Thurs	31-Mar-22	All relevant staff to have been contacted to notify them that all Goods Received Notes must be entered on to the Purchasing system where goods or services have been received by the end of the day on 31 March 2022	Procurement Assistant	Trainee Accounting Technician  All staff responsible for purchasing		
30	Thurs	31-Mar-22	Ensure All Creditor batches are <b>closed and authorised</b> and that Debtor invoices have <b>all been authorised</b>	Systems and Payments Manager	Payments Assistant		
31	Thurs	31-Mar-22	Ensure Creditor and Debtor Reconciliation reports balance.	Systems and Payments Manager	Payments Assistant		
32	Thurs	31-Mar-22	Ensure All Purchase Order requisitions are <b>approved and authorised</b>	Procurement Assistant	All staff responsible for purchasing		
33	Thurs	31-Mar-22	Enter final emergency schedule for the year on to Creditors	Systems and Payments Manager	Clerical Assistant <i>(Payments Team)</i>		
34	Thurs	31-Mar-22	All sundry debtor write off/write on adjustments to be completed	Systems and Payments Manager			
35	Thurs	31-Mar-22	Ensure <b>Creditors/Debtors balance reports &amp; Aged Debtors</b> reports are set to run at overnight	Systems and Payments Manager			

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
36	Thurs	31-Mar-22	<p><b>All income to be paid in to cash office</b> (cards, cheques &amp; cash) – See later instruction for any further income received on the 31 March after this paying-in:</p> <ul style="list-style-type: none"> <li>❖ Level D reception/Planning</li> <li>❖ Pool</li> <li>❖ TIC/Gallery</li> <li>❖ Car Parks</li> <li>❖ Joiner's Arms</li> <li>❖ Exercise Referral</li> <li>❖ Market</li> </ul>	Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>	Planning Admin Assistant  Community Leisure and Sports Development Manager  Gallery and Information Centre Supervisor  Parking Administration Assistant  Joiners Arms Scheme Warden  Health and Fitness Development Officer  Market Officer		
37	Thurs PM	31-Mar-22	Absolute deadline for return of Officer and Member Interests Forms	Senior Accountant <i>(Health and Housing Committee)</i>	HR Officer  Admin Officer/Mayor's Secretary		

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
38	Thurs	31-Mar-22	All suspense accounts cleared down to nil where possible	All Senior Accountants	Trainee Accounting Technician		
39	Thurs	31-Mar-22	Full skeleton accounts prepared together with all restatements where applicable	Head of Financial Services			
40	Fri	01-Apr-22 (AM)	Send <b>REMINDER</b> email to all staff asking them not to use the purchasing, creditors or debtors modules of the Financials system until notified.	Systems and Payments Manager			
41	Fri	01-Apr-22 (AM)	Change settings on creditor and debtor transaction codes	Head of Financial Services			
42	Fri	01-Apr-22 (AM)	Change default year and budget settings – including funds checking budget for purchasing.	Head of Financial Services			

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
43	Fri	01-Apr-22	All staff responsible for petty cash books/floats/receipts to have brought them to the Accounts Section.	Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>	PA to Chief Executive  Senior Planning Admin Officer  PA to Director of Community Services  Store Person/Admin Officer  Arts Development Officer  Community Leisure and Sports Development Manager		
44	Fri	01-Apr-22	Last date for the receipt of <b>office staff capital timesheets</b> for charging to capital schemes	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	All capital scheme lead officers		
45	Fri	01-Apr-22	Last date for the receipt of <b>Grounds Maintenance timesheets.</b>	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	Amenity Cleansing and Grounds Maintenance Manager		

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
46	Fri	01-Apr-22	Last date for the receipt of <b>Works Administration and Vehicle Workshop timesheets.</b>	Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>	Head of Engineering Services		
47	Fri	01-Apr-22	Roll Forward purchase order commitments to new financial year and provide reports to Senior Accountants	Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i>	Procurement Assistant		
48	Fri	01-Apr-22	<b>Finalise</b> PWLB <b>interest</b> and average interest rate for investments	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>			

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
49	Fri	01-Apr-22	<p>All <b>remaining income</b> (received after the <b>final paying-in</b> previously made on 31 March) up to the close of 31 March to be paid in to cash office (cards, cheques &amp; cash):</p> <ul style="list-style-type: none"> <li>❖ Level D reception/Planning</li> <li>❖ Pool</li> <li>❖ TIC/Gallery</li> <li>❖ Car Parks</li> <li>❖ Joiner's Arms</li> <li>❖ Exercise Referral</li> <li>❖ Market</li> </ul>	<p>Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i></p>	<p>Planning Admin Assistant</p> <p>Community Leisure and Sports Development Manager</p> <p>Gallery and Information Centre Supervisor</p> <p>Parking Administration Assistant</p> <p>Joiners Arms Scheme Warden</p> <p>Health and Fitness Development Officer</p> <p>Market Officer</p>		

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
50	Fri	01-Apr-22	Income analysis sheets for Pool, TIC/Gallery to be passed to Accounting Technician ( <i>Community Services Committee and Economic Development Committee</i> ) for period up to and including 31 March	Accounting Technician ( <i>Community Services Committee and Economic Development Committee</i> )	Community Leisure and Sports Development Manager  Gallery and Information Centre Supervisor		
51	Fri	01-Apr-22	Cash office to have processed any remaining balances on all bank statements up to 31 March	Accounting Technician ( <i>Community Services Committee and Economic Development Committee</i> )	Senior Cashier		
52	Fri	01-Apr-22	Receipt of <b>Council Tax and Business Rates</b> prints	Head of Financial Services  Accounting Technician ( <i>Policy and Finance Committee and Planning Committee</i> )	Head of Revenues and Benefits		
53	Fri	01-Apr-22	Completed <b>Statement 1's &amp; 2's</b> up to & incl. 31 March to be passed to Accounting Technician ( <i>Community Services Committee and Economic Development Committee</i> ) and thereafter on a daily basis	Accounting Technician ( <i>Community Services Committee and Economic Development Committee</i> )	Senior Cashier		

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
54	Fri	01-Apr-22	Last date for receipt of completed and authorised <b>stock sheets</b> : ❖ Stores ❖ Paper ❖ Canteen Stock ❖ Civic Regalia	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>  Store Person/Admin Officer  Printing and Stationery Officer  PA to Director of Community Services  Admin Officer/Mayor's Secretary		
55	Fri	01-Apr-22	Last date for receipt of completed and authorised <b>stock sheets</b> : • Pool • Gallery/TIC	Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i>	Community Leisure and Sports Development Manager		

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
56	Fri	01-Apr-22	Last date for receipt of completed and authorised <b>stock sheets</b> : <ul style="list-style-type: none"> <li>• Pest Control</li> </ul>	Senior Accountant <i>(Health and Housing Committee)</i>	Pest Control Officer		
57	Fri	01-Apr-22	All <b>sundry debtor control sheets</b> for 2019/20 financial year to have been received in the Accounts Office	Systems and Payments Manager	All staff		
58	Fri	01-Apr-22	Last date for receipt of estimated <b>debtor</b> sheets	All Senior Accountants	All staff		
59	Fri	01-Apr-22	All stores receipts/issues notes to be received in accounts section	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	Store Person/Admin Officer		

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
60	Fri	08-Apr-22	Last day for receipt of holiday and lieu time records from PAs	Senior Accountant <i>(Health and Housing Committee)</i>	PA to Director of Community Services  PA to Chief Executive  Community Leisure and Sports Development Manager  Store Person/Admin Officer  Admin Officer/Mayor's Secretary		
61	Fri	08-Apr-22	Last day for <b>entering old year creditor invoices</b> on Financials	Systems and Payments Manager	All staff		
62	Fri	08-Apr-22	Bank reconciliation to have been completed and authorised	Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>			

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
63	Fri	08-Apr-22	Entry of year end cash journals	Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>			
64	Fri	08-Apr-22	Last date for processing of office staff capital, Works Admin and Grounds Maintenance Timesheets on to Financials	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>  Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>	Trainee Accounting Technician		
65	Fri	08-Apr-22	Completion of <b>ALL</b> system reconciliations: <ul style="list-style-type: none"> <li>• Council Tax</li> <li>• NNDR</li> <li>• Car Parking</li> <li>• Planning</li> <li>• Building Control</li> <li>• Housing Rents</li> <li>• Licensing</li> <li>• Land Charges</li> <li>• Housing Benefits</li> </ul>	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>  Senior Accountant <i>(Health and Housing Committee)</i>  Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	Trainee Accounting Technician		

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
66	Fri	08-Apr-22	Last day for receipt of <b>estimated creditor sheets</b>	Senior Accountant <i>(Health and Housing Committee)</i>	All staff		
67	Mon	11-Apr-22	Receipt of <b>IAS19 information</b> from Lancashire County Council	Head of Financial Services			
68	Thurs	14-Apr-22	General Stores to be finalised	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	Store Person/Admin Officer		
	<b>Fri</b>	<b>15-Apr-22</b>	<b>Good Friday</b>				
	<b>Mon</b>	<b>18-Apr-22</b>	<b>Easter Monday</b>				
69	Wed	20-Apr-22	Decision taken on <b>assets to be added/written off</b>	Head of Financial Services			
70	Wed	20-Apr-22	Capital accounts finished and journals entered	Head of Financial Services	Senior Accountant <i>(Health and Housing Committee)</i>		
71	Wed	20-Apr-22	Complete <b>draft Housing Benefit subsidy</b> claim and working papers	Benefits Manager			

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
72	Wed	20-Apr-22	<b>Interest</b> allocated	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>			
73	Mon	25-Apr-22	Complete and submit <b>Housing Benefit subsidy claim</b> and working papers	Senior Accountant <i>(Health and Housing Committee)</i>			
74	Fri	29-Apr-22	Completion of non-financial elements of Narrative Report	Head of Financial Services	Systems and Payments Manager  Head of HR  Principal Policy and Performance Officer  Trainee Accounting Technician		
75	Fri	29-Apr-22	<b>Closedown collection fund for Council Tax</b> and inform LCC, Fire and Police	Head of Financial Services			

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
76	Fri	29-Apr-22	<p>Data produced for checking and review in respect of <b>Data Transparency requirements</b></p> <ul style="list-style-type: none"> <li>Senior Officers Salaries/remuneration</li> <li>• Members' Allowances</li> <li>• Expenditure &gt;£250</li> <li>• Grants to Voluntary Organisations</li> <li>• Procurement ITT and Contracts/Payments &gt; £5k</li> <li>• Car Parking Account</li> <li>• Building Control Account</li> </ul>	Senior Accountant <i>(Health and Housing Committee)</i>	<p>Systems and Payments Manager</p> <p>Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i></p> <p>Procurement Assistant</p> <p>Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i></p>		
77	Fri	29-Apr-22	<b>Final Transparency Data checked and published on the website</b>	Senior Accountant <i>(Health and Housing Committee)</i>	<p>Systems and Payments Manager</p> <p>Procurement Assistant</p> <p>Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i></p>		

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
78	Fri	29-Apr-22	VAT Shelter figures to be received from Onward Homes	Senior Accountant <i>(Health and Housing Committee)</i>			
	Mon	<b>02-May-22</b>	<b>Early May Bank Holiday</b>				
79	Tues	3-May-22	Capital Financial data updated in Narrative Report	Head of Financial Services			
80	Fri	13-May-22	Compensated absences analysis and ledger entries completed	Senior Accountant <i>(Health and Housing Committee)</i>	Trainee Accounting Technician		
81	Fri	20-May-22	Asset revaluations as provided by the Valuation Office entered on to Technology Forge and journaled on to Financials	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>			
	Thur	<b>2-Jun-22</b>	<b>Spring Bank Holiday</b>				
	Fri	<b>3-Jun-22</b>	<b>Platinum Jubilee Bank Holiday</b>				

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
82	Mon	13-Jun-22	<p><b>Central establishment and other recharges to have been completed by:</b></p> <ul style="list-style-type: none"> <li>• Council Offices</li> <li>• Civic Suite</li> <li>• IT Services</li> <li>• Resources</li> <li>• Chief Executives</li> </ul> <p>Economic Development</p>	<p>Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i></p> <p>(see separate timetable)</p>			
83	Mon	13-Jun-22	<p><b>Central establishment and other recharges to have been completed by:</b></p> <ul style="list-style-type: none"> <li>• Depot</li> <li>• Community Services</li> <li>• Grounds Maintenance</li> <li>• Vehicles and Plant</li> <li>• Balances on WKSAD and VEHCL</li> </ul> <p>Refuse Collection</p>	<p>Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i></p> <p>(see separate timetable)</p>			
84	Mon	13-Jun-22	<p><b>Central establishment and other recharges to have been completed by:</b></p> <p>Use of Market Buildings</p>	<p>Senior Accountant <i>(Health and Housing Committee)</i></p> <p>(see separate timetable)</p>			
85	Mon	13-Jun-22	<p><b>IAS19 adjustment journals (as required) to be entered by</b></p>	<p>Head of Financial Services</p>			

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
86	Fri	17-Jun-22	<b>Closedown collection fund for Business Rates</b> and inform LCC and Fire	Head of Financial Services			
87	Fri	17-Jun-22	Update Narrative Report with Pensions data	Head of Financial Services			
88	Fri	17-Jun-22	<b>ALL Service committee accounts to be finished</b> and general fund summary account complete	All Senior Accountants			
89	Fri	17-Jun-22	Final Income and Expenditure Cleardown Run	Head of Financial Services			
<b>ANY FURTHER JOURNALS FOR 2021/22 FINANCIAL YEAR TO BE AGREED WITH HEAD OF FINANCIAL SERVICES BEFORE ENTERING</b>							
90	Thurs	30-Jun-22	<b>Possible deadline for NNDR3</b>	Head of Revenues and Benefits			
91	Fri	1-Jul-22	Finalise Narrative Report with revenue financial data	Head of Financial Services			
92	Mon	4-Jul-22	Produce all key financial statements: Expenditure & Funding Analysis, CIES, MiRS, Balance Sheet, Cash Flow Statement	Head of Financial Services			
93	Wed	13-Jul-22	Report <b>Annual Governance Statement and Findings of Review</b> to CMT	Internal Auditor			

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
94	Fri	15-Jul-22	<b>Annual Governance Statement</b> to Leader and CE for signing	Internal Auditor			
95	Fri	15-Jul-22	Finalise all notes to the accounts	Head of Financial Services	All Senior Accountants		
96	Fri	22-Jul-22	<b>All</b> working papers up to date and made available and checked for completeness on Inflo System	Head of Financial Services	All Senior Accountants  Trainee Accounting Technician		
97	Fri	29-Jul-22	Accounts <b>final sign off</b> by Director of Resources and <b>published</b> as subject to audit on website	Director of Resources	Head of Financial Services		
98	Fri	29-Jul-22	Accounts forwarded to Grant Thornton for commencement of audit	Head of Financial Services			
99	Fri	29-Jul-22	<b>Advertise accounts available for inspection on website</b> from 1 Aug	Head of Financial Services	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>		
100	Mon	01-Aug-22	Period of <b>public inspection</b> starts (30 consecutive <b>working</b> days from sign off by Director of resources)	Head of Financial Services			

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
101	Mon	01-Aug-22	Grant Thornton commence final accounts audit	Grant Thornton			
102	Tues	2-Aug-22	Review meeting with Grant Thornton	Head of Financial Services			
103	Tues	9-Aug-22	Review meeting with Grant Thornton	Head of Financial Services			
104	Tues	16-Aug-22	Review meeting with Grant Thornton	Head of Financial Services			
105	Tues	23-Aug-22	Review meeting with Grant Thornton	Head of Financial Services			
106	Fri	26-Aug-22	Date when Capital Outturn Return to be completed	Senior Accountant <i>(Health and Housing Committee)</i>			
107	Fri	26-Aug-22	Date when Revenue Outturn Forms to be completed	Senior Accountant <i>(Health and Housing Committee)</i>			
	Mon	<b>29-Aug-22</b>	<b>August Bank Holiday</b>				
108	Tues	30-Aug-22	Review meeting with Grant Thornton	Head of Financial Services			

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
109	Wed	31-Aug-22	Possible date when WGA Return to be completed (Unaudited)	Senior Accountant <i>(Health and Housing Committee)</i>			
110	Tues	6-Sep-22	Review meeting with Grant Thornton	Head of Financial Services			
111	Tues	13-Sep-22	Review meeting with Grant Thornton	Head of Financial Services			
112	Tues	20-Sep-22	Review meeting with Grant Thornton	Head of Financial Services			
113	Tues	27-Sep-22	Review meeting with Grant Thornton	Head of Financial Services			
114	Tues	4-Oct-22	Review meeting with Grant Thornton	Head of Financial Services			
115	Tues	11-Oct-22	Review meeting with Grant Thornton	Head of Financial Services			
116	Tues	18-Oct-22	Review meeting with Grant Thornton	Head of Financial Services			
117	Tues	25-Oct-22	Review meeting with Grant Thornton	Head of Financial Services			

### Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
118	Tues	1-Nov-22	Review meeting with Grant Thornton	Head of Financial Services			
119	Mon	7-Nov-22	Clearance meeting with Grant Thornton	Director of Resources Head of Financial Services	Grant Thornton		
120	Tues	8-Nov-22	<b>Complete Audit Findings Report adjustments and issue final Statement of Accounts</b> to Grant Thornton	Head of Financial Services	Grant Thornton		
121	Fri	11-Nov-22	Distribution date for <b>Accounts and Audit Committee and Director of Resources (CFO) sign accounts for true and fair view</b>	Head of Financial Services			
122	Wed	<u>Potentially</u> 23-Nov-22	<b>Proposed Accounts and Audit Committee</b> meeting date - to consider the <b>Audit Findings Report and approve Audited Final Accounts</b>	Director of Resources	Head of Financial Services		
123	Thurs	24-Nov-22	<b>Receipt of Accounts opinion from Grant Thornton</b>	Head of Financial Services	Grant Thornton		

Timetable for Closure of 2021/22 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
124	Fri	25-Nov-22	Audited Accounts to be <b>published</b> on website by	Head of Financial Services	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>		
125	Mon	28-Nov-22	Close the Financial Year on the Financials system and roll forward balances.	Head of Financial Services			
126	Wed	30-Nov-22	Possible date when <b>Whole of Government Accounts return (audited)</b> to be completed	Senior Accountant <i>(Health and Housing Committee)</i>			



Department for Levelling Up,  
Housing & Communities

**Catherine Frances**  
Director General, Local Government,  
Strategy & Analysis  
**Department for Levelling Up, Housing  
and Communities**

2 Marsham Street  
London SW1P 4DF

To: all Section 151 Officers in England  
Cc: all Chief Executives in England

18 January 2022

Dear colleague,

Further to my letter of 22 November 2021, which noted the government's concern at the increasing delays to the completion of local audits, I am writing to you and the relevant audit firms today to provide an update on action the government is taking to help tackle audit delays.

As I outlined in my previous letter, the timely completion of local audit is a vital transparency method for the taxpayer and for sustaining public confidence in local democracy more broadly. For the timeliness of local audit to improve from the current situation, a collaborative approach to address the issues is required from across the whole system.

That is why my Department has worked with key partners across the local audit system to agree a new package of measures to help get the timeliness of local audit back on track. I can announce that we have now published full details of these measures online to signal publicly our commitment to the local audit market: <https://www.gov.uk/guidance/measures-to-improve-local-audit-delays>

I am pleased that this document represents actions for all elements of the system, but some of the key measures committed to that may be of most interest include:

- providing councils with £45m additional funding over the course of the next Spending Review period to support with the costs of strengthening their financial reporting and increased auditing requirements;
- strengthening training and qualifications options for local auditors and audit committee members;
- reviewing whether certain accounting and audit requirements could be reduced on a temporary basis, where these are of lesser risk to councils; and
- extending the 21/22 audit deadline to 30 November 2022, and then 30 September until 2027/28.

I wanted to thank you again for the crucial role you play in ensuring the transparency and accountability of local government for local taxpayers. We hope that the measures we have announced will help support improved timeliness within the local audit market. We will continue to engage with local authorities and audit firms to understand the impact of the new measures and work together as we continue to implement the recommendations from the Redmond Review.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Catherine Frances', with a long horizontal flourish extending to the right.

**CATHERINE FRANCES**

## Coronavirus (COVID-19) (/coronavirus)

Latest updates and guidance

1. [Home \(https://www.gov.uk/\)](https://www.gov.uk/)
2. [Regional and local government \(https://www.gov.uk/regional-and-local-government\)](https://www.gov.uk/regional-and-local-government)
3. [Local government \(https://www.gov.uk/regional-and-local-government/local-government\)](https://www.gov.uk/regional-and-local-government/local-government)

## Guidance

# Measures to improve local audit delays

A new package of measures to support the improved timeliness of local audit.

From:

[Department for Levelling Up, Housing and Communities  
\(/government/organisations/department-for-levelling-up-housing-and-communities\)](https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities)

Published

16 December 2021

## Applies to England

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This publication sets out a range of measures agreed with key partners to support the timely completion of local government audits and the ongoing stability of the local audit market. These measures will help to ensure that audit provides transparency and accountability in local councils.

## Context

The government's priorities for local audit are a strong and coordinated quality framework, a buoyant local audit market, and improved transparency and governance.

Local government audit plays a vital role in providing local authorities with accurate and reliable financial information to plan and manage their services and finances effectively. The timely completion of local audit also ensures local authorities can make informed financial arrangements, including whether

value for money is being achieved, are transparent to the taxpayer, and facilitates assurance for the public sector more broadly through the audit of the Whole of Government Accounts.

We remain committed to the principles of a locally-led audit regime, as embodied in the Local Audit and Accountability Act 2014 and have further demonstrated our commitment to this vision for the local audit market through our response to Sir Tony Redmond's [independent review](https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review) (<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>) of local authority financial reporting and external audit. The government is also grateful for the support shown by stakeholders across the sector, who have been working with us to implement the Redmond Review recommendations.

However, challenges remain around the timeliness of local audit, one of the key issues highlighted by Sir Tony. In 2017/18 the deadline for issuing audit opinions was brought forward from 30 September to 31 July. Since this point there has been a reduction in the number of local government audit opinions delivered on time, with significant reductions from 2018/19 onwards. This downward trend accelerated during the COVID-19 pandemic, with only 45% of 2019/20 audits completed by the extended deadline of 30 November 2020 and, most recently, only 9% of 2020/21 audits completed by the extended deadline of 30 September 2021.

As the National Audit Office (NAO) outlined in its 2020 report [Timeliness of local auditor reporting on local government in England](https://www.nao.org.uk/wp-content/uploads/2021/03/Timeliness-of-local-auditor-reporting-on-local-government-in-England-2020-.pdf) (<https://www.nao.org.uk/wp-content/uploads/2021/03/Timeliness-of-local-auditor-reporting-on-local-government-in-England-2020-.pdf>), a variety of complex factors are contributing to audit delays. Audit firms are struggling with a net loss of qualified staff, with many qualified accountants choosing to leave the audit sector entirely. For auditors that are choosing to stay within the profession, alternative audit opportunities are often perceived as more attractive than local audit, which is contributing a high turnover of staff within firms.

In addition, increasing workload and regulatory pressure on auditors have contributed to further delays. The NAO found that the additional requirements of new International Financial Reporting Standards (IFRS), along with increased expectations from the Financial Reporting Council (FRC) following high-profile corporate failures such as Carillion and Patisserie Valerie, had combined to produce a significant increase in audit work, particularly on asset and pensions valuations. In some cases, issues with the preparation of local authority accounts have led to delays in audits being signed off.

In the face of competing workload pressures, some local authorities have diverted staff resources away from completing working papers and preparing accounts, while the quality of processes within the finance functions of some local authorities has affected their preparedness for audit. These issues, have, understandably, been exacerbated by the impact of the COVID-19 pandemic.

Considering the complexity of the drivers behind audit delays, it is clear that a whole system response is needed, with local bodies, audit firms, regulatory bodies and code-setters working collectively to implement solutions across the sector.

The government is continuing to prioritise measures to improve timeliness and support capacity as part of our response to the Redmond Review. We laid new regulations on 21 October to provide greater flexibility to the appointing person through, for example, extending the deadline for setting fee scales so that they can reflect the most recent market conditions, and streamlining the fee variation process under certain circumstances. We are also providing £15 million additional funding to local bodies for 2021/22 to support with the implementation of recommendations following the Redmond Review and additional costs resulting from new audit requirements, including the new value for money reporting arrangements. In addition, we have extended the statutory deadline for publishing audited local authority accounts to 30 September from 31 July from 2020/21 for 2 years.

We recently consulted on proposals for the Audit Reporting and Governance Authority (ARGA), the new body being established to replace the Financial Reporting Council (FRC), to take on a systems leader role for local audit. Ensuring there is a strong system leader will help to ensure broader alignment across the system to respond to challenges within the market. However, while these changes will be beneficial in the longer-term, it is clear that we need to go further in the short-term to address the stark deterioration in timeliness.

The government emphasised this point at a recent discussion of the [Local Audit Liaison Committee](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1037641/Minutes_from_the_second_Liaison_Committee_-_21_September_2021_Final_.pdf) ([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1037641/Minutes\\_from\\_the\\_second\\_Liaison\\_Committee\\_-\\_21\\_September\\_2021\\_Final\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1037641/Minutes_from_the_second_Liaison_Committee_-_21_September_2021_Final_.pdf)) on 21 September, where it was noted by members that, while in the past, ensuring the quality of the final audit had been the priority, timeliness had worsened to the extent it had become a quality issue.

This paper therefore sets out a series of additional measures committed to by government and other key stakeholders to support improved timeliness and the wider local audit market.

## Section 1: Measures relating to audit firms and timely completion of audit

### Summary of commitments

- FRC to publish updated Key Audit Partner (KAP) guidance by spring 2022, including new routes for an experienced Registered Individual to become a KAP
- Work with CIPFA to further develop the proposal for a new local audit training diploma in local government financial reporting and management aimed at different levels of auditor, and a new technical advisory service that could provide support to firms, and in particular new entrants

All stakeholders across the local audit market have a key role to play in helping to get timeliness back on track. That is why DLUHC has been engaging with audit firms since the summer to understand the issues that are affecting the stability of the market, including timeliness.

Most recently, the Minister of State for Levelling Up, Housing and Communities, Kemi Badenoch MP, met with audit firms to explore market issues and to emphasise the need for firms to work with government to get the timely completion of local audit back on track as quickly as possible. The FRC have also held discussions with audit firms to highlight the importance of clearing the backlog of delayed audits, and highlighted the issue when publishing its most recent [Audit Quality Inspection](https://www.frc.org.uk/getattachment/97b5a417-d9bf-4649-b3c3-3ae49a350fe7/FRC-AQR-Major-Local-Audits_October-2021.pdf) ([https://www.frc.org.uk/getattachment/97b5a417-d9bf-4649-b3c3-3ae49a350fe7/FRC-AQR-Major-Local-Audits\\_October-2021.pdf](https://www.frc.org.uk/getattachment/97b5a417-d9bf-4649-b3c3-3ae49a350fe7/FRC-AQR-Major-Local-Audits_October-2021.pdf)).

### Training and qualifications

Through our engagement with audit firms, we have heard that the capacity of firms is being limited by a lack of qualified, experienced auditors, a finding which was also highlighted in the NAO's report.

In response to Sir Tony Redmond's recommendations, we sought views in our technical consultation this summer on proposals for improving training and qualification support, and on the FRC's review of the Key Audit Partner (KAP) guidance. These proposals have been positively received by audit firms, as well as other respondents to the consultation, and we will respond to this as part of our formal consultation response in the new year.

In the interim, the capacity and capability working group is continuing to develop the proposals. This includes proposed updates to the KAP guidance, allowing new routes for experienced Registered Individuals (RI) to become KAPs and allowing the local audit Recognised Supervisory Bodies greater discretion in determining the suitability of the experience gained by KAP applicants without a reduction in audit quality.

The FRC is planning to consult on its proposed KAP guidance updates in early 2022, seek approval through its internal governance procedures and will aim to publish the guidance in spring 2022.

CIPFA is progressing development of the new local audit training Diploma in local government financial reporting and management aimed at senior auditors and other levels of auditor. It will be designed to meet the technical training needs of experienced RIs, who have not met the full existing criteria for local audit experience. It will also meet the immediate recommendations from the Redmond Review, and in particular, support firms who may bid in the next opt-in procurement for local audit contracts managed by PSAA, given the desire to attract new entrants to the market who do not currently hold local audit contracts.

CIPFA is working with other stakeholders to continue to refine their proposal for a new technical advisory service in consultation with the industry. This service is expected to support on topics unique to the local government sector providing the local audit system with:

- specialist technical advisory service to local auditors responding to difficult or complex audit queries
- advice and guidance to auditors on how to respond to elector's objections
- guidance on how and when to produce a public interest report
- advice on performance audit issues (for VfM reporting) and
- to address difficult, technical issues or audit judgements including judgements over how to respond to objectors or whether an issue identified meets the threshold for issuing a public interest report

This may be run as a digital platform utilising experienced personnel from the sector. We expect to provide further information on this in the New Year, subject to finalising the details with relevant partners, and considering the business case and appetite from firms, given it would be sustained by an audit firm-funded approach in the longer-term.

## **Section 2: Measures relating to local bodies and quality of accounts preparation**

### **Summary of commitments**

- DLUHC to provide further funding of £45 million over the course of next Spending Review period to support local bodies with the costs of strengthening their financial reporting, new burdens related to appointment of independent members and other Redmond recommendations and increased auditing requirements.
- CIPFA to publish strengthened guidance on audit committees by April 2022. The guidance will emphasise the role that audit committees should have in ensuring accounts are prepared to a high standard, alongside broader changes including appointment of independent members. Following consultation, consider making the guidance, committees and the independent member statutory

- DLUHC to provide via the Local Government Association sector grant for a number of targeted training events for audit committee chairs

As outlined in the sections above, although many local authorities prepare their accounts to a high standard within the statutory deadline, and generally do meet the deadline for providing draft accounts, there are instances where issues with the preparation and quality of local authority accounts contribute to delays in the auditor's opinion being issued.

We recognised that implementing the recommendations from the Redmond Review, and the new value for money elements of the Code of Audit Practice, would likely place greater pressure on local authority finance functions, especially in light of increased audit fees, and therefore are providing with £15 million of additional funding in the 2021/22 financial year to support local bodies to meet these new burdens.

On 26 November, Catherine Frances, Director General for Local Government, wrote to all local authority Section 151 Officers to emphasise the need for local bodies to work with audit firms as part of a system-wide response to clear the backlog of delayed audits.

## **Audit committees**

The government is committed to supporting the improvement of audit committee arrangements and delivery of good practice in response to Sir Tony's recommendations through the development and production of strengthened guidance on audit committees. CIPFA is leading this work, with support and input from the LGA, PSA, and others, and revised guidance will be published in spring 2022.

This guidance will emphasise the important role that audit committees have in ensuring that accounts are prepared to a high standard and that issues identified by audit firms are resolved swiftly. It will also include guidance on the appointment of independent members, who can often play a key part in ensuring the apolitical role of the audit committee. The government has recently consulted on whether the guidance, or the principle of audit committees themselves, should be made a statutory requirement, and will be setting out a response in due course, including the case for making independent members a statutory requirement.

The guidance will also allow content to be targeted at the different audiences given the role that audit committee members, those guiding and supporting the committee, and local body leadership teams all have in ensuring the processes work effectively.

Further, to strengthen the capability and skills of audit committee members, the Local Government Association, with support from DLUHC, will establish a number of targeted forums.

## **Ongoing financial support**

The government will be going even further to support local bodies with the costs of strengthening their financial reporting, new burdens related to appointment of independent members and other Redmond recommendations and increased auditing requirements.

As well as the £15 million provided for 2021/22, the government can confirm today it is providing local bodies with £15 million additional funding per annum for the next 3 years – totalling £45 million over the Spending Review period. This will provide local bodies with the certainty that they will be supported to implement the changes needed to respond to new auditing requirements and Redmond's recommendations.

## Section 3: Proposed measures relating to accounting and audit requirements

### Summary of commitments

- NAO rolling over of amendments to 20/21 AGN 03 and 07 to allow for altering the timing of elements on the VfM arrangements work and enable more focus on fully delivering opinions on the financial statements
- CIPFA/LASAAC is undertaking a project to improve the presentation of local authority accounts to inform the development of the 22/23 Accounting Code and comply with IFRS and statutory accounting principles HMT to undertake thematic review of financial reporting valuations for non-investment properties to inform development of the Accounting Code from 22/23 onwards
- The government has asked CIPFA/LASAAC to consider the merits of a time-limited change to the Accounting Code for 21/22
- Delaying implementation of standardised statements and associated audit requirements

It is important that local authority accounts and audits are focused on areas of greatest risk and concern to citizens. These should be transparent and accessible, while also being mindful of the need to ensure that they comply with International Financial Reporting Standards and Whole of Government Accounts requirements.

In our spring report, we highlighted that, given the fundamental capacity issues facing the audit sector, we wanted to work with partners to consider whether there were opportunities to reduce some of the accounting and audit requirements where these relate to areas of less risk to local bodies, as well as other options to assist timely delivery of audits.

Since then, we have been working with members of the liaison committee, audit firms and local bodies to consider this question, and have agreed a number of measures that should help ameliorate capacity pressures, and facilitate more timely completion of audited accounts.

**Code of Audit Practice and Auditor Guidance Notes.** To assist with the delivery of 20/21 audits, the NAO and FRC made amendments to guidance, including Auditor Guidance Notes 03 and 07, as well as the guidance note on going concern. The changes which included altering the timing of elements of the VfM arrangements work, have allowed more focus on fully delivering opinions on financial statements.

Given the ongoing nature of delays, the NAO have proposed continuing these arrangements for as long as they are beneficial, including for at least 21/22 audits.

**Changes to the Accounting Code.** Local authority accounts are complex in that they are required to comply with both IFRS and statutory accounting principles. This effectively entails presenting two different forms of reporting in one set of accounts, which can be confusing to non-specialists. In recognition of this additional complexity, CIPFA/LASAAC agreed a project in June 2021 to improve the presentation of local authority accounts, which is intended to inform the development of the 22/23 Accounting Code.

Through engagement with relevant organisations, we have been advised that, in some cases, local authority accounts include some information that goes beyond what is necessary, leading to additional auditing work. We would therefore recommend local authorities consider [CIPFA's guidance on streamlining the accounts](https://www.cipfa.org/policy-and-guidance-on-streamlining-the-accounts) ([https://www.cipfa.org/policy-and-](https://www.cipfa.org/policy-and-guidance-on-streamlining-the-accounts)

[guidance/publications/s/streamlining-the-accounts](#)), which provides practical suggestions on how accounts can strike a better balance between compliance with standards and providing clearer, simpler and more transparent information.

HM Treasury will be undertaking a thematic review of the valuation of non-investment property for financial reporting purposes in the public sector, including the long standing policy decision to hold such assets at valuation rather than historic cost. This will consider the benefits to users of the financial information and the associated costs. It will look to identify where burdens could be reduced without compromising the needs of users. It is intended that this will inform development of the Accounting Code from 22/23 onwards.

The government has also asked CIPFA/LASAAC to consider the merits of a time-limited change to the Accounting Code for operational property, plant and equipment revaluations under certain circumstances (this would not include investment properties). An evaluation of possible consequences (unintended or otherwise) will be undertaken before any new proposals are finalised in the new year.

**Standardised statement of service information.** In our original response to the Redmond Review, we accepted the recommendation to produce a new standardised statement of service information, that would help to improve the transparency and understandability of local authority financial reporting. While we remain committed to this, we are delaying implementation while audit timeliness issues are so severe, as we do not think it is the right time to introduce these new accounting and auditing requirements.

**Public Interest Entities.** Local authorities which have debt listed on the London Stock Exchange fall within the definition of a Public Interest Entity (PIE). The FRC place additional requirements on auditors for local authorities which are deemed PIEs. A local authority PIE audit therefore tends to require more resources in terms of finance, time and specialist staffing to produce the audit opinion. This is not necessarily as valuable as for a private sector PIE, given that enhanced levels of transparency and scrutiny already apply for local government financial reporting.

The government recently consulted on expanding the definition of a Public Interest Entity, although this did not propose expanding the number of local authorities included in the definition. The government has noted representations from stakeholders on this question, including the additional burdens of extending the PIE definition to any further local authorities, and will confirm the position on this in the consultation response in due course.

## Section 4: Longer-term measures to help stabilise the market and address long-term supply issues

### Summary of commitments

- PSAA to progress their proposed procurement strategy for the next round of local audit contracts from 2023/24
- Extending the deadline for publishing audited local authority accounts to 30 November 2022 for 21/22 accounts and the 30 September date for 5 years from 2023/24 – 2027/28.
- NAO to prepare for a re-laying of the Code of Audit Practice 2020 in parliament, so that it will apply for the whole of the next appointing period
- Developing an industry-led workforce strategy, working with the system leader and audit firms, to consider the future pipeline of local audits, and associated questions related to training and qualifications

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While the measures outlined in the sections above are designed to support improved timeliness in the short-term, it is clear that certain issues within the local audit market require a longer-term approach.

## **Procurement/ next appointing period**

One such area concerns the procurement arrangements for local bodies, being managed by PSAA.

We have been working closely with PSAA since the Summer on their procurement strategy, which has been considered at key stages in its development by our new Liaison Committee. We are also currently finalising an updated Memorandum of Understanding between DLUHC and PSAA to reflect the interim system leadership arrangements, in line with the commitments we made in our spring report, while PSAA are currently accepting opt-in requests from local bodies ahead of their planned Invitation to Tender in April 2022.

PSAA published its updated procurement strategy in September 2021, which outlines their key objectives. These include encouraging existing suppliers to remain and creating opportunities for new suppliers to enter the market, encouraging prices which are realistic in the context of the current market, and encouraging existing suppliers to bid for new contracts. Further objectives include encouraging prices which are realistic in the context of the current market and supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery. Another key objective is to deliver audits that are of the required quality.

Specific proposals to achieve these objectives include the proposed 80/20 quality/cost evaluation methodology ratio, a proposed increase in the number of lots to somewhere between 7 and 11 with at least 2 further 'development lots', and the introduction of a new Dynamic Purchasing System.

## **Audit deadlines**

We also recognise that the extent of ongoing changes in the local audit system is unhelpful to audit firms who are looking to plan for the next 5-year appointing period.

In March 2021 new regulations came in force to extend the deadline for publishing audited local authority accounts to 30 September from 31 July from 2020/21, a change which we committed to review after 2 years.

In light of the extent of ongoing delays and capacity issues, a decision to revert to the previous deadline of 31 July would be both unrealistic and counterproductive, especially as the backlog of delayed 2020/21 audits will likely have knock-on effects for future years. However, there are good reasons why an earlier deadline would be beneficial; elements of multiple central government departments' and arms-length bodies' accounts are subject to local audit (e.g. because they employ staff on local government pension schemes) and so extending the deadline risk the timely completion of those bodies' accounts, which in turn can delay the preparation of the Whole of Government Accounts.

Therefore, we will, subject to consultation, introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 21/22 accounts. Following this, to provide certainty for the next contract period under the procurement arrangements being managed by PSAA, the deadline will revert to 30 September for 5 years from until 2027/28, and be reviewed at that point.

We propose, subject to consultation, that the deadline for preparing draft accounts remains at 31 May, as the majority of local authorities are continuing to meet this requirement and any changes would have implications for the Whole of Government Accounts.

## Code of Audit Practice

We also recognise the importance of having clarity over the scope of audit in future years, given any future additional requirements would necessitate increased audit capacity. To provide greater certainty to local auditors, we have agreed with the National Audit Office (NAO) and FRC that, as part of their current Code setting responsibilities, the NAO will prepare for a re-laying of the Code of Audit Practice 2020 in parliament in the new year, so that it will apply for the whole of the next appointing period.

## Industry-led workforce strategy

We hope that these measures will help to provide clarity and security ahead of the next procurement, as well as helping to ensure that all parties can play their part in getting audit timeliness back on track in the short term.

We also remain committed to resolving the issues in the longer-term, which our wider system leadership reforms should help to address, and we will publish our formal consultation response in the new year.

One of the priorities for the new system leader, being established in shadow form from spring 2022, will be to address the fundamental audit capacity issues.

To aid this, we are proposing that, following the outcome of the next local audit procurement, DLUHC will work with the new system leader and 1-2 of the successful audit firms to develop an industry-led workforce strategy, to consider the future pipeline of local auditors, and associated questions related to training and qualifications. This will form part of the new system leader's broader role in setting out the future priorities for the local audit system.

## Section 5: Next steps

Following today's publication, we will continue to work closely with key partners across the audit sector, including local bodies and audit firms, to deliver on the measures above, in addition to outstanding commitments we made in our response to the Redmond Review.

As part of this work, we will be publishing our response to the technical consultation we carried out this summer, which will provide further detail on the future of systems leadership for local audit. Our consultation response will also update on a number of the commitments we have made today.

Published 16 December 2021

## COVID-19 vaccinations

[Book your coronavirus vaccination and booster dose on the NHS website](https://www.nhs.uk/conditions/coronavirus-covid-19/coronavirus-vaccination/)  
(<https://www.nhs.uk/conditions/coronavirus-covid-19/coronavirus-vaccination/>)

## Explore the topic

- [Local government \(/regional-and-local-government/local-government\)](/regional-and-local-government/local-government)

**OGL**

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## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS & AUDIT COMMITTEE

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meeting date: WEDNESDAY 2 FEBRUARY 2023  
title: REVIEW OF REPRESENTATION ON OUTSIDE BODIES  
submitted by: CHIEF EXECUTIVE  
Principal Author: MAIR HILL – HEAD OF LEGAL AND DEMOCRATIC SERVICES

### 1 PURPOSE

1.1 To inform Committee of the current position regarding representation on outside bodies and seek their approval of a review of the current arrangements.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – }
- Corporate Priorities – }
- Other Considerations –

The Council has a duty to promote and maintain high standards of conduct by its Members. Review of the Council's representation on outside bodies as a part of that duty.

### 2 BACKGROUND

2.1 Each year at the Annual Council, the Council appoints or nominates many of its members as representatives on a number of outside bodies. A list of the current nominations/appointments (as approved at Annual Council 2021) is enclosed as Appendix 1.

### 3 ISSUES

3.1 Many of the Council's appointments onto outside bodies are historic or are a requirement of a lease between the Council and a body to whom it has leased its land or property. The Council has previously considered that it was beneficial for it to have representatives on these outside bodies. However, increasingly members are required to become Directors or Trustees on the outside bodies which means that they are not just the Council's representative on that body but in fact owe the outside body a duty by virtue of the appointment. This has implications and potential liabilities for those members. Some bodies are also now asking for applications and references before the Council's nominated member will be accepted as a representative on the body and acceptance is not always forthcoming.

3.2 As a result, it is considered prudent, for the Council to review the list of outside bodies and the requirements of those bodies, so that it can review whether it should continue to make such nominations and, in the event, that it does to consider whether any additional measures need to be put in place prior to Annual Council. It is proposed that this review be carried out by a Working Group which would report back to this Committee. This Committee can then, in line with its scrutiny function, make any recommendations it

considers appropriate to Council so that any new arrangements can be approved prior to Annual Council.

- 3.3 It is also proposed that training should be provided for all members the implications for them on being appointed to an outside body and how they should manage any such risks or conflicts. This will be provided before the end of this municipal year.

#### 4 **RISK ASSESSMENT**

4.1 The approval of this report may have the following implications:

- Resources – Resources will be required to carry out the review.
- Technical, Environmental and Legal – N/A
- Political – N/A
- Reputation – The Council's reputation will be enhanced by its consideration of its arrangements with outside bodies.
- Equality & Diversity – N/A

#### 5 **RECOMMENDED THAT COMMITTEE**

- 5.1 Approve the establishment of a Working Group to review the Council's representation on outside bodies, and
- 5.2 Note that the Head of Legal and Democratic Services will make provision for training to all members on their role on outside bodies.

MAIR HILL  
HEAD OF LEGAL AND DEMOCRATIC SERVICES

MARSHAL SCOTT  
CHIEF EXECUTIVE

For further information please ask for Mair Hill extension 4418

REF: MJH/Accounts&Audit/03/02/2022

## APPENDIX 1

<b>ORGANISATION</b>	<b>NUMBER OF VACANCIES</b>	<b>NOMINATIONS</b>	<b>PARENT COMMITTEE</b>	<b>NO. OF REPORTS</b>
Children's Trust	1	Louise Edge	Community Services	1
Lancashire Waste Partnership	1	Tony Austin	Community Services	1
Langho Football Club	1	Steve Farmer	Community Services	1
Longridge Social Enterprise Company Limited	1	Sarah Rainford	Community Services	1
Ribble Valley Sports & Recreation (Roefield Leisure Centre)	2	Ian Brown Mark French	Community Services	1
Salesbury and Copster Green Commons Management Committee	3	Susan Bibby Stuart Hirst Louise Edge	Community Services	1
Carer's Link	1	Jan Alcock	Health & Housing	1
Mersey Care NHS Foundation Trust	1	David Peat	Health & Housing	1
Environment Agency Liaison Committee	2	Stewart Fletcher Bob Buller	Health & Housing	1
Hanson Cement Liaison Committee	5	Richard Sherras Ian Brown David Berryman Stewart Fletcher Simon O'Rourke	Health & Housing	2
East Lancs Health & Wellbeing Partnership	1	Mark Hindle	Health & Housing	1
Pendle Club, Clitheroe	2	Jenni Schumann Ian Brown	Health & Housing	1
Tarmac Liaison Committee	4	Rosie Elms Ian Brown Stewart Fletcher Simon O'Rourke	Health & Housing	2

<b>ORGANISATION</b>	<b>NUMBER OF VACANCIES</b>	<b>NOMINATIONS</b>	<b>PARENT COMMITTEE</b>	<b>NO. OF REPORTS</b>
NW Employer's Organisation	1 + 1 substitute	Sue Bibby David Peat	Personnel	2
Forest of Bowland (Area of Outstanding Natural Beauty) Advisory Committee	1	Rosemary Elms	Planning & Development	1
Rural Services Network	1	Richard Sherras	Planning & Development	1
Armed Forces Champion	1	Richard Sherras	Policy & Finance	1
Clitheroe Royal Grammar School Foundation Trust	1	Steve Farmer (year 1 of 4)	Policy & Finance	1
Citizen's Advice Bureau	3	Mary Robinson	Policy & Finance	1
Hyndburn and Ribble Valley Council for Voluntary Services	1	Richard Newmark	Policy & Finance	1
LGA General Assembly	2	Stephen Atkinson Stewart Fletcher	Policy & Finance	1
Police & Crime Panel	2	Simon Hore Stella Brunskill	Policy & Finance	2
Ribble Valley Community Safety Partnership	1	Robert Thompson Ged Mirfin	Policy & Finance	1
Whalley Educational Foundation Trust	1	Mark Hindle (year 3 of 3)	Policy & Finance	1

MAY 2021

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION
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meeting date: 2 FEBRUARY 2022  
 title: INTERNAL AUDIT PROGRESS REPORT 2021/22  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: LAWSON ODDIE

### 1 PURPOSE

1.1 To report to Committee internal audit work progress to 21 January 2022.

1.2 Relevance to the Council's ambitions and priorities:

- Corporate priorities – the Council seeks to maintain critical financial management and controls and provide efficient and effective services.
- Other considerations – the Council has a statutory duty to maintain an adequate and effective system of internal audit.

### 2 BACKGROUND

2.1 Internal audit ensures that sound internal controls are inherent in all the Council's systems. All services are identified into auditable areas and then subjected to a risk assessment process looking at factors such as financial value and audit experience. A risk score is then calculated for each area.

2.2 An operational audit plan is then produced to prioritise resources allocation based on the risk score.

### 3 PROGRESS TO 21 JANUARY 2022

3.1 The full internal audit plan for 2021/22 is attached as Annex 1 alongside progress to date. In summary resources for the year are detailed below, together with progress to 21 January 2022:

Audit Area	2020/21 Planned Days	Actual Days to 21 January 2022
Fundamental Systems	232	17
Corporate Systems	65	0
Support Systems	57	24
Operational	111	24.5
Facilities	10	21
Staff Vacancies	0	249
Other Items	315	300.5
	<b>790</b>	<b>636</b>

- 3.2 As you will see from Annex 1, the 'Other Items' category includes work on administering the council's insurances, work conducted in respect of the annual governance review 2020/21 and staff training. The time lost due to staff vacancies has been separately identified in the table above.
- 3.3 The service continues to be adversely affected by staffing issues. As members will be aware from past reports, due to the staffing issues that are being experienced we have engaged the services of Mersey Internal Audit Agency (MIAA) to ensure adequate audit plan coverage.
- 3.4 The time allocations above and at Annex 1 do not take account of work being undertaken by Mersey Internal Audit Agency (MIAA). The work undertaken by MIAA is referred to in the next section of the report and proposed work is also identified at Annex 1.
- 3.5 It is anticipated at this stage that all originally planned audits will not be able to be covered this financial year, but there will be adequate coverage together with the work of MIAA to be able to provide Members with an informed Audit Opinion at the end of the year.
- 3.6 The post of Internal Audit Manager is currently being advertised, with the closing date being 28 January 2022. Interviews for the post are planned for 11 February 2022. This is the first time that the post has been advertised using the new pay line that was introduced across the council.

#### 4 MERSEY INTERNAL AUDIT AGENCY (MIAA)

4.1 Work undertaken to date by Mersey Internal Audit Agency has been focused on ensuring adequate audit coverage in respect of the 2020/21 financial year. This has been in respect of the following areas:

- Treasury Management
- Debtors
- Payroll
- Business Rates
- Cash and Bank

4.2 This has helped to ensure that audit work has been undertaken on most of the Financial Systems in respect of 2020/21.

4.3 MIAA work is currently ongoing or is planned for the coming months in respect of the 2021/22 financial covering the following areas:

- General Ledger - MIAA to Undertake in Quarter 1 of 2022/23
- Sundry Debtors - MIAA to Undertake in Quarter 1 of 2022/23
- Sundry Creditors - MIAA to Undertake in Quarter 1 of 2022/23
- Payroll - MIAA Undertaking Planning Work
- Council Tax - MIAA Undertaking Fieldwork
- Benefits - MIAA Undertaking Planning Work
- Business Rates - MIAA Undertaking Fieldwork
- Cash Receipting - MIAA to Undertake in Quarter 1 of 2022/23
- Treasury Management - MIAA Undertaking Fieldwork
- Fleet and Plant Management - Terms of Reference Being Agreed with MIAA
- Tourism and Events - Terms of Reference Being Agreed with MIAA
- Grounds Maintenance - Terms of Reference Being Agreed with MIAA
- Amenity Cleansing - Terms of Reference Being Agreed with MIAA

## 5 UPDATE ON RED RISKS

- 5.1 All Heads of Services are required to ensure that a review of the risks that fall in their service areas is undertaken. As members will be aware, risks are graded on a red, amber and green rating, with any red risk requiring to be reported to CMT and also to this committee.
- 5.2 This requirement is in respect of risks that are scored as red after all mitigating action and controls have been put in place.
- 5.3 At the time of writing this report there are no net red risks identified for reporting to members. In respect of Covid-19 this is on the basis that government financial support continues where needed and that other current and future local and national controls are adhered to.

## 6 CONCLUSION

- 6.1 Audit coverage is unfortunately lower than that originally planned and as a result additional external resources have been engaged and will continue whilst needed.
- 6.2 Staff vacancies have had an impact on coverage. As a result the services of Mersey Internal Audit Agency (MIAA) will continue to be used to help ensure adequate audit coverage.
- 6.3 It is anticipated at this stage that all originally planned audits will not be able to be covered, but there will be adequate coverage together with the work of MIAA to be able to provide Members with an informed Audit Opinion at the end of the year.
- 6.4 The Internal Audit Manager post is currently being advertised, with a closing date of 28 January 2022 and interviews planned for 11 February 2022.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA2-22/LO/AC  
25 January 2022

## INTERNAL AUDIT PROGRESS TO 21 JANUARY 2022

Total Planned Days for the Year 2021/22	Actual Days to 21 January 2022	Audit Areas	Status as at 21 January 2022
<b>Financial Systems - required to be covered annually</b>			
25		General Ledger	MIAA to Undertake Q1 2022/23
20		Sundry Debtors	MIAA to Undertake Q1 2022/23
0	2	Sundry Creditors (2020/21 Audit Plan)	Work completed
20		Sundry Creditors	MIAA to Undertake Q1 2022/23
30		Payroll	MIAA Undertaking Planning
0	14	Council Tax (2020/21 Audit Plan)	Work completed
35		Council Tax	MIAA Undertaking Fieldwork
0	1	Benefits (2020/21 Audit Plan)	Work completed
40		Benefits	MIAA Undertaking Planning
35		Business Rates	MIAA Undertaking Fieldwork
15		Cash Receipting	MIAA to Undertake Q1 2022/23
12		Treasury Management	MIAA Undertaking Fieldwork
<b>232</b>	<b>17</b>	<b>Subtotal</b>	

<b>Corporate</b>			
20		Business Continuity	Not yet started
20		Civil Emergencies	Not yet started
10		Sustainability	Not yet started
10		Data Protection	Not yet started
5		Risk Management	Not yet started
<b>65</b>	<b>0</b>	<b>Subtotal</b>	

<b>Support</b>			
5		Customer Services	Not yet started
15		Information Technology	Not yet started

Total Planned Days for the Year 2021/22	Actual Days to 21 January 2022	Audit Areas	Status as at 21 January 2022
10	19	Health and Safety	<b>REASONABLE ASSURANCE</b>
3	5	Inventories	Draft Report Being Prepared
3		Records Management	Not yet started
3		Corporate Communications	Not yet started
3		Printing Services	Not yet started
15		Procurement	Not yet started
<b>57</b>	<b>24</b>	<b>Subtotal</b>	

<b>Operational</b>			
10	3.5	Building Control ( <i>Completion of 2020/21 Audit Plan</i> )	Report Issued
10		Fleet and Plant Management	Terms of Reference Being Agreed with MIAA
10	18	Car Parking	<b>REASONABLE ASSURANCE</b>
0	3	Planning (Abortive work from 2020/21)	Work not continued as not in 2021/22 plan
5		CCTV	Not yet started
10		Outdoor Facilities (includes Concessions)	Not yet started
7		Property Maintenance	Not yet started
7		Tourism and Events	Terms of Reference Being Agreed with MIAA
7		Healthy Lifestyles and Sports Development	Not yet started
5		Grounds Maintenance	Terms of Reference Being Agreed with MIAA
5		Amenity Cleansing	Terms of Reference Being Agreed with MIAA
5		Arts Development	Not yet started
10		Environmental Health	Not yet started
5		Economic and Community Development	Not yet started
5		Development Policy	Not yet started
10		Grants Payable and Receivable	Not yet started
<b>111</b>	<b>24.5</b>	<b>Subtotal</b>	

<b>Total Planned Days for the Year 2021/22</b>	<b>Actual Days to 21 January 2022</b>	<b>Audit Areas</b>	<b>Status as at 21 January 2022</b>
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<b>Facilities</b>			
10	21	Ribblesdale Pool	Draft Report Being Prepared
<b>10</b>	<b>21</b>	<b>Subtotal</b>	

<b>475</b>	<b>86.5</b>	<b>TOTAL FOR AUDIT WORK</b>	
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<b>Other Items</b>			
25	4	Contingencies	
15	15	Risk Management System	Continuous and ongoing work
25	25	Corporate Governance Review	Completion of the review for the 2020/21 Financial Year
40	61	Insurance Administration	Continuous and ongoing work
4	7	Controlled Stationery	Continuous and ongoing work
100	110	Training	Professional qualification training
36	24	Bank Holidays	
70	36	Annual Leave	
0	8.5	Working on Elections	Unbudgeted work on elections
	6	Self Isolation	
	4	Sickness	
0	249	Post Vacancy	Internal Audit Manager post, plus the Internal Audit Assistant post was vacant from 10 July 2021 and filled Sept 2021)
<b>315</b>	<b>549.5</b>	<b>TOTAL FOR OTHER ITEMS</b>	

<b>790</b>	<b>636</b>	<b>OVERALL TOTAL DAYS</b>	
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# Ribble Valley Borough Council Audit Progress Report and Sector Update

Year ending 31 March 2021

January 2022  
Page 71



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

## Your key Grant Thornton team members are:

### Georgia Jones

Key Audit Partner

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E georgia.s.jones@uk.gt.com

### Sophia Iqbal

Manager

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This paper provides the Accounts and Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Accounts and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at January 2022

## Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in March 2021. We began our work on your draft financial statements in September.

In July we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2020/21 financial statements.

The Accounts and Audit (Amendment) Regulations 2021 pushed back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The date by which authorities were required to publish audited financial statements was 30 September.

We have completed our work on the Council's financial statements and reported on this work to the Committee in our Audit Findings Report on 17 November. We issued an unqualified opinion on the Council's financial statements on 29 November 2021.

We are continuing with our value for money work and will report to committee members on the outcome of that work in our Auditor's Annual Report. This is due by 28 February 2022.

## Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements.

At the time of writing our work is substantially complete. We are finalising our internal quality procedures and will then share the draft report with officers for discussion. The final report will be provided to members at the next Accounts and Audit Committee.

# Progress at November 2021 (cont.)

## Other areas

### Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2020/21 claim began in November. DWP has extended the deadline for reporting the findings of this work to 31 January 2022.

### Meetings

We met with Finance Officers throughout the final accounts period. We have quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

### Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers have been invited to attend our Financial Reporting Workshop in January and February 2022, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

## Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2020/21 is the third year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 and 2019/20 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

# Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p>	July 2021	Complete
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the November Audit Committee.</p>	November 2021	Complete
<p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>	November 2021	Complete
<p><b>Auditor's Annual Report</b></p> <p>This Report communicates the key issues arising from our Value for Money work.</p>	February 2022	Not yet due
<p><b>2020/21 Audit-related Deliverables</b></p>	Planned Date	Status
<p><b>Housing Benefit Subsidy – certification</b></p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	31 January 2022	Not yet due

# Financial Reporting Council annual report

On 29 October, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

## Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
Total	9	6	4

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
Total	6	6

# FRC report (cont.)

## Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

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Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

## Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

# Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local  
government

# Government response to MHCLG Select Committee report on Local Authority financial sustainability & the section 114 regime – MHCLG

Government has published a response to the Housing, Communities & Local Government (HCLG) Committee report on local authority financial sustainability and the section 114 regime, published in July.

The HCLG report states “In recent years, the financial sustainability of local government has faced successive challenges, including increased demand for services, especially social care, changes to the level of funding equalisation between councils and, most recently, the COVID-19 pandemic. In some instances, councils have been in such acute financial trouble that they have approached the Ministry of Housing, Communities and Local Government for financial assistance; three of these—Northamptonshire in 2018, Croydon in late 2020 and Slough in July 2021—issued section 114 notices, essentially declaring they had run out of money. Our inquiry has sought to identify the most serious threats facing local councils’ finances. In light of the various factors we consider in the report, including the somewhat delayed Fairer Funding Review, renewed discussion about property taxes and the need to reform funding for social care, the time is right to consider a more radical review of local government finances—and our report makes various recommendations about how this should be done. We also consider what happened at Croydon—which prompted us to look at the section 114 regime—in the annex to our report.”

The report includes sections on:

- Social Care
- Funding
- COVID-19
- Local authority commercial investment
- Audit and control

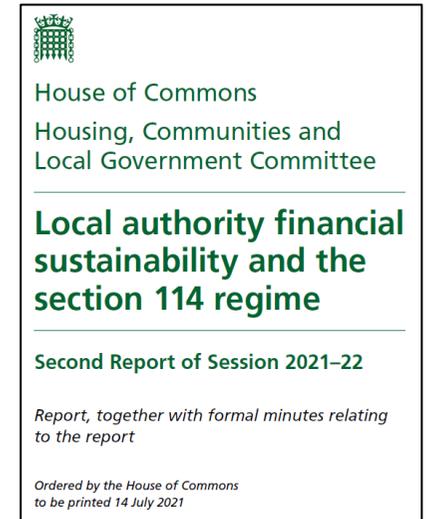
The report made 13 recommendations, and the Government response to these was published in October. The response notes “Moving forward, we will work to provide the sector with a sustainable financial footing, enabling it to deliver vital frontline service and support other government priorities. We will also take stock, including of the impact of the pandemic on local authority resources and service pressures, to determine any future reforms.”

The initial report can be found here:

<https://committees.parliament.uk/publications/6777/documents/72117/default/>

Government response can be found here:

<https://www.gov.uk/government/publications/local-authority-financial-sustainability-and-the-section-114-regime>



# Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response

The PAC inquiry examined the timeliness of auditor reporting on English local public bodies' financial statements covering 2019-20. The National Audit Office (NAO) report, on which this inquiry is based, found that “delays in the delivery of audit opinions beyond the deadlines for publishing local authority accounts, alongside concerns about audit quality and doubts over audit firms' willingness to continue to audit local public bodies, highlight that the situation needs urgent attention.”

The PAC report found “Without urgent action from government, the audit system for local authorities in England may soon reach breaking point. With approximately £100 billion of local government spending requiring audit each year, the Ministry of Housing, Communities & Local Government (the Department) has become increasingly complacent in its oversight of a local audit market now entirely reliant upon only eight firms, two of which are responsible for up to 70% of local authority audits. This has not been helped by the growing complexity of local authority accounts, with audit firms now asked to carry out more work in each audit, comply with new regulatory demands and adapt to the new multifaceted landscape in which local authorities operate, while also struggling to hire and retain experienced auditors.”

Key conclusions were:

- The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.
- There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.
- The commercial attractiveness to audit firms of auditing local authorities has declined.

- The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.
- We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.
- Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

The report made recommendations in each of these areas. The government response was published on 28 October.

The PAC report and response can be found here:

[Timeliness of local auditor reporting on local government in England - Committees - UK Parliament](#)



House of Commons  
Committee of Public Accounts

**Local auditor reporting on local government in England**

Eleventh Report of Session 2021–22

# 2023-24 audit appointments – Public Sector Audit Appointments

Following a consultation exercise Public Sector Audit Appointments (PSAA) has invited all principal local government including police and fire bodies to become opted-in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023. Both documents have evolved in response to the feedback provided by the market engagement exercise and consultation on the draft prospectus undertaken during June 2021.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and

- establishing arrangements that are able to evolve in response to changes to the local audit framework.

PSAA set out the proposed timeline, which anticipates contracts being awarded in August 2022.



The news article can be found here:

<https://www.psa.co.uk/2021/09/psaa-publishes-its-prospectus-and-procurement-strategy-and-invites-eligible-bodies-to-opt-in-from-april-2023/>

The procurement strategy can be found here:

<https://www.psa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/procurement-strategy/>

# Guide to support Value for Money (VfM) analysis for public managers – CIPFA

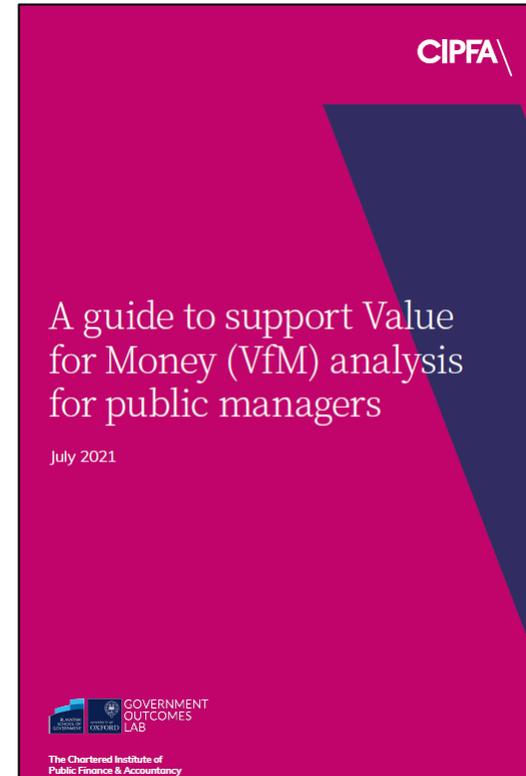
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



# Climate change risk: A good practice guide for Audit and Risk Assurance Committees – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

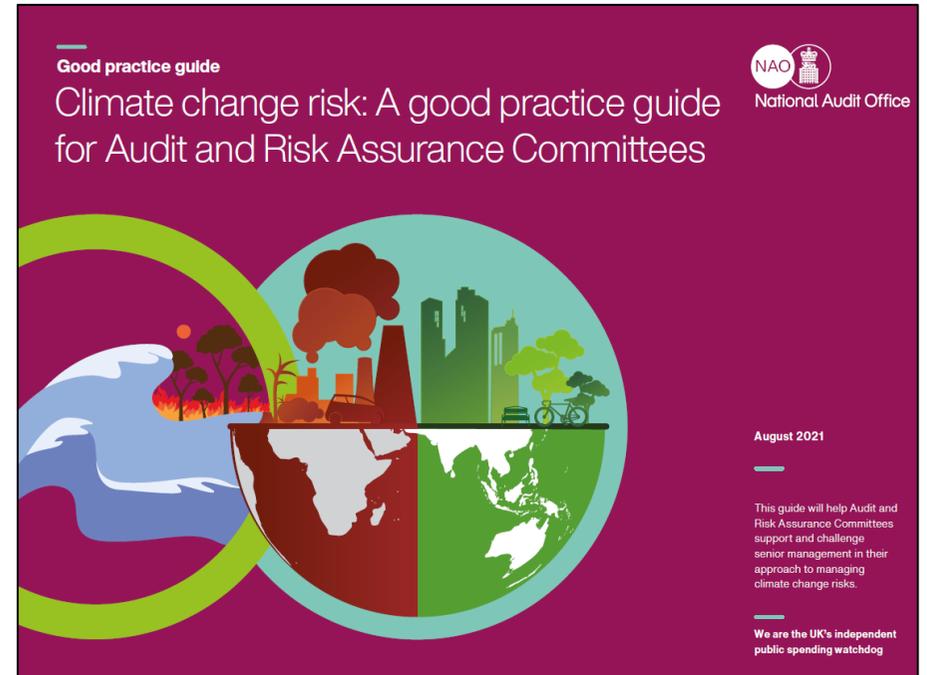
The NAO comment “Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and Accounting Officer in their responsibilities over risk management.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks. We have outlined specific reporting requirements that currently apply.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities and will be refreshed in the future to reflect those changes.”

The guide includes sections on “How to support and challenge management”. This includes sections on governance and leadership; collaboration; risk identification and assessment; risk treatment, monitoring and reporting and continual improvement. There is also a “Complete list of questions that Audit and Risk Assurance Committees can ask” for each of these areas. The guide also includes “Key guidance and good practice materials” with links.



The report can be found here:

[Climate change risk: A good practice guide for Audit and Risk Assurance Committees - National Audit Office \(NAO\) Report](#)

# Local government and net zero in England – NAO

The National Audit Office (NAO) report responds to a request from the Environmental Audit Committee to examine local government and net zero. It considers how effectively central government and local authorities in England are collaborating on net zero, in particular to:

- clarify the role of local authorities in contributing to the UK’s statutory net zero target; and
- ensure local authorities have the right resources and skills for net zero.

The NAO comment “While the exact scale and nature of local authorities’ roles and responsibilities in reaching the UK’s national net zero target are to be decided, it is already clear that they have an important part to play, as a result of the sector’s powers and responsibilities for waste, local transport and social housing, and through their influence in local communities.

Government departments have supported local authority work related to net zero through targeted support and funding. However, there are serious weaknesses in central government’s approach to working with local authorities on decarbonisation, stemming from a lack of clarity over local authorities’ overall roles, piecemeal funding, and diffuse accountabilities. This hampers local authorities’ ability to plan effectively for the long-term, build skills and capacity, and prioritise effort. It creates significant risks to value for money as spending is likely to increase quickly.

MHCLG, BEIS and other departments recognise these challenges and are taking steps to improve their approach. Their progress has understandably been slowed by the COVID-19 pandemic, but there is now great urgency to the development of a more coherent approach.”

Key findings include:

- Central government has not yet developed with local authorities any overall expectations about their roles in achieving the national net zero target.
- There is little consistency in local authorities’ reporting on net zero, which makes it difficult to get an overall picture of what local authorities have achieved.
- Neither MHCLG nor HM Treasury has assessed the totality of funding that central government provides to local government that is linked with net zero.

The report can be found here:

<https://www.nao.org.uk/report/local-government-and-net-zero-in-england/>



# Cyber and information security: Good practice guide – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees scrutinise cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The NAO state “Audit committees should gain the appropriate assurance for the critical management and control of cyber security and information risk.

Cyber security is the activity required to protect an organisation’s data, devices, networks and software from unintended or unauthorised access, change or destruction via the internet or other communications systems or technologies. Effective cyber security relies on people and management of processes as well as technical controls.

Our guide supports audit committees to work through this complexity, being able to understand and question the management of cyber security and information risk.

It takes into account several changes which affect the way in which we interact with and manage our information and can drive increased risk. These include changes to the way we work and live due to the COVID-19 pandemic and the ongoing demand to digitise and move to cloud-based services.

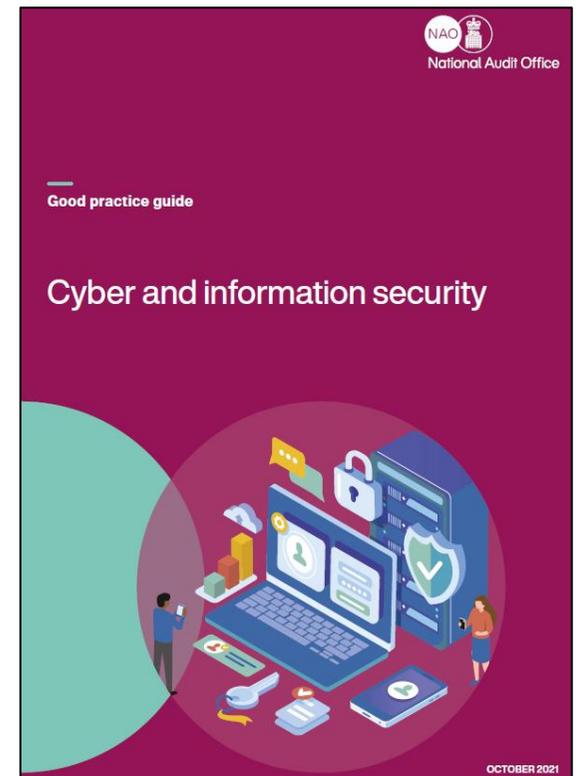
The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.”

The report can be found here:

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>





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