

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

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 review of “open” purchase orders , 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 closure email and estimated creditor/debtor sheets	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 all 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 payment run BACS/cheque dated 31 March 2022. Payment run to include ALL 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 not to use 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"> • General Stores (Depot) • Paper • Canteen Stock • Civic Regalia 	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"> • Pool • Gallery/TIC 	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"> ❖ Pest Control 	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 closed and authorised and that Debtor invoices have all been authorised	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 approved and authorised	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 Creditors/Debtors balance reports & Aged Debtors 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>All income to be paid in to cash office (cards, cheques & cash) – See later instruction for any further income received on the 31 March after this paying-in:</p> <ul style="list-style-type: none"> ❖ Level D reception/Planning ❖ Pool ❖ TIC/Gallery ❖ Car Parks ❖ Joiner's Arms ❖ Exercise Referral ❖ Market 	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 REMINDER 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 (Community Services Committee and Economic Development Committee)	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 office staff capital timesheets for charging to capital schemes	Accounting Technician (Policy and Finance Committee and Planning Committee)	All capital scheme lead officers		
45	Fri	01-Apr-22	Last date for the receipt of Grounds Maintenance timesheets.	Accounting Technician (Policy and Finance Committee and Planning Committee)	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 Works Administration and Vehicle Workshop timesheets.	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	Finalise PWLB interest 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 remaining income (received after the final paying-in previously made on 31 March) up to the close of 31 March to be paid in to cash office (cards, cheques & cash):</p> <ul style="list-style-type: none"> ❖ Level D reception/Planning ❖ Pool ❖ TIC/Gallery ❖ Car Parks ❖ Joiner's Arms ❖ Exercise Referral ❖ Market 	<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 Council Tax and Business Rates 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 Statement 1's & 2's 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 stock sheets : ❖ 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 stock sheets : • 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 stock sheets : <ul style="list-style-type: none"> • Pest Control 	Senior Accountant <i>(Health and Housing Committee)</i>	Pest Control Officer		
57	Fri	01-Apr-22	All sundry debtor control sheets 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 debtor 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 entering old year creditor invoices 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 ALL system reconciliations: <ul style="list-style-type: none"> • Council Tax • NNDR • Car Parking • Planning • Building Control • Housing Rents • Licensing • Land Charges • Housing Benefits 	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 estimated creditor sheets	Senior Accountant <i>(Health and Housing Committee)</i>	All staff		
67	Mon	11-Apr-22	Receipt of IAS19 information 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		
	Fri	15-Apr-22	Good Friday				
	Mon	18-Apr-22	Easter Monday				
69	Wed	20-Apr-22	Decision taken on assets to be added/written off	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 draft Housing Benefit subsidy 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	Interest allocated	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>			
73	Mon	25-Apr-22	Complete and submit Housing Benefit subsidy claim 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	Closedown collection fund for Council Tax 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 Data Transparency requirements</p> <p>Senior Officers Salaries/remuneration</p> <ul style="list-style-type: none"> Members' Allowances Expenditure >£250 Grants to Voluntary Organisations Procurement ITT and Contracts/Payments > £5k Car Parking Account Building Control Account 	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	Final Transparency Data checked and published on the website	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	02-May-22	Early May Bank Holiday				
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	2-Jun-22	Spring Bank Holiday				
	Fri	3-Jun-22	Platinum Jubilee Bank Holiday				

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>Central establishment and other recharges to have been completed by:</p> <ul style="list-style-type: none"> • Council Offices • Civic Suite • IT Services • Resources • Chief Executives <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>Central establishment and other recharges to have been completed by:</p> <ul style="list-style-type: none"> • Depot • Community Services • Grounds Maintenance • Vehicles and Plant • Balances on WKSAD and VEHCL <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>Central establishment and other recharges to have been completed by:</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>IAS19 adjustment journals (as required) to be entered by</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	Closedown collection fund for Business Rates 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	ALL Service committee accounts to be finished and general fund summary account complete	All Senior Accountants			
89	Fri	17-Jun-22	Final Income and Expenditure Cleardown Run	Head of Financial Services			
<u>ANY FURTHER JOURNALS FOR 2021/22 FINANCIAL YEAR TO BE AGREED WITH HEAD OF FINANCIAL SERVICES BEFORE ENTERING</u>							
90	Thurs	30-Jun-22	Possible deadline for NNDR3	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 Annual Governance Statement and Findings of Review 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	Annual Governance Statement 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	All working papers up to date and made available and checked for completeness on Info System	Head of Financial Services	All Senior Accountants Trainee Accounting Technician		
97	Fri	29-Jul-22	Accounts final sign off by Director of Resources and published 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	Advertise accounts available for inspection on website 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 public inspection starts (30 consecutive working 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	29-Aug-22	August Bank Holiday				
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	Complete Audit Findings Report adjustments and issue final Statement of Accounts to Grant Thornton	Head of Financial Services	Grant Thornton		
121	Fri	11-Nov-22	Distribution date for Accounts and Audit Committee and Director of Resources (CFO) sign accounts for true and fair view	Head of Financial Services			
122	Wed	<u>Potentially</u> 23-Nov-22	Proposed Accounts and Audit Committee meeting date - to consider the Audit Findings Report and approve Audited Final Accounts	Director of Resources	Head of Financial Services		
123	Thurs	24-Nov-22	Receipt of Accounts opinion from Grant Thornton	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 published 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 Whole of Government Accounts return (audited) 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.

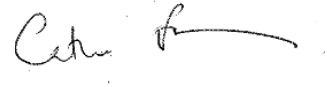
That is why my Department has worked with key partners across the local audit system to agree a new package of measures to help get the timeliness of local audit back on track. I can announce that we have now published full details of these measures online to signal publicly our commitment to the local 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

Contents

- [Context](#)
- [Section 1: Measures relating to audit firms and timely completion of audit](#)
- [Section 2: Measures relating to local bodies and quality of accounts preparation](#)
- [Section 3: Proposed measures relating to accounting and audit requirements](#)
- [Section 4: Longer-term measures to help stabilise the market and address long-term supply issues](#)
- [Section 5: Next steps](#)

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 authority 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) 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).

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-](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

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

All content is available under the Open Government Licence v3.0, except where otherwise stated

© Crown copyright