

ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	28 MARCH 2024
SUBJECT	RESPONSE TO THE GOVERNMENT CONSULTATION ON ADDRESSING THE LOCAL AUDIT BACKLOG IN ENGLAND
LEAD OFFICER	NIKKI RICHARDS, DEPUTY CHIEF EXECUTIVE
LEAD MEMBER	COUNCILLOR TRICIA BROWN, CHAIR
EXEMPT INFORMATION	n/a
ACTION	FOR NOTE

1. **EXECUTIVE SUMMARY**

- 1.1 The Department for Levelling Up, Housing and Communities (DLUHC) has sought comments on its proposals to address the local government audit backlog in England.
- 1.2 The Authority, through the Chair of this Committee, has responded to the Government's Consultation, highlighting the impact that the proposals would have in terms of reputational risk and internal resourcing requirements.

2. **RECOMMENDATION**

The Committee is requested to:

- 2.1 **NOTE** the Authority's response to the Government's Consultation on proposals to deal with the local audit backlog in England.

3. **REPORT**

- 3.1 The external auditing of local bodies is vital in supporting democratic accountability. External audit provides assurance for local people and their elected representatives that services to the public are being provided in a financially sustainable way and represent good value for money.
- 3.2 The Government has stated that the backlog in the publication of audited accounts of local bodies in England has grown to an unacceptable level. It is therefore consulting on proposals to amend the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog and put the system on a sustainable footing.

- 3.3 The Consultation questions and the Authority's responses are set out in **Appendix A**. While it is accepted that decisive action is required to clear the backlog, the Authority has concerns with some of the proposals.
- 3.4 The first question asks if the Authority agrees that it should be required to have published audited accounts for all financial years up to and including financial year 2022/2023 by 30 September 2024. In our case, our auditors have already stated that this will not be possible, so we see little merit in supporting this proposal. Setting an arbitrary deadline that cannot be met is a de facto admission by the Government that the backlog cannot be cleared and that accounts will have to be disclaimed.
- 3.5 Another concern for the Authority relates to the Government's proposal to publish a list of bodies and audit firms which do not meet statutory deadlines for the publication of audited accounts. Such an approach could potentially damage the Authority's reputation for good governance and financial management. It seems perverse for the Government to set an arbitrary deadline of 30 September 2024 for the publication of audited accounts and then suggest consequences for authorities that are unable to comply due to the failure of the auditors to complete audits on time. The Authority believes that there should not be consequences where bodies have published their unaudited accounts by the statutory deadline. The Authority has met its statutory deadlines, and it needs to be emphasised that the reason for the Consultation is due to the failure of audit firms across the sector to deliver audits in a timely manner.
- 3.6 Finally, the Authority has concerns about the timetable to put the system on a sustainable footing. Some of the staging dates will cause resourcing issues for preparers of the accounts as they will be producing the accounts for one financial year while simultaneously being audited on the previous year's accounts. Furthermore, it remains to be seen whether audit firms will be able to deploy sufficient resources across the sector to deliver audits against the revised timetable.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS

- 4.1 Commitment 5 – Sustainability. We will ensure that we provide a financially sustainable and environmentally friendly service to our communities.

5. FINANCIAL IMPLICATIONS

- 5.1 For the period that the Consultation covers, the cost of external audit for the Authority will rise from £33,305 per annum under the previous contract to £101,166 under the new national contract as awarded by Public Sector Audit Appointments (PSAA).

6. LEGAL IMPLICATIONS

- 6.1 The Consultation seeks views on amending the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog and put the system on a sustainable footing.

7. EQUALITY AND DIVERSITY IMPLICATIONS

7.1 None.

8. RISK IMPLICATIONS

8.1 Reputational, governance and resourcing risks have been highlighted in sections 3.2 to 3.6 of the paper.

9. CONSISTENCY WITH DUTY TO COLLABORATE

9.1 Audit firms have been appointed by PSAA through a national procurement exercise.

10. PRINCIPAL CONSULTATION

10.1 The Chair of Audit and Governance Committee and the Chair of the Fire Authority have been consulted on the Authority's response to the Government's proposed measures to clear the audit backlog.

11. BACKGROUND PAPERS

11.1 <https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation>

12. APPENDICES

12.1 Appendix A – Response to the Government's proposals to clear the backlog of local audits in England.

13. CONTACT DETAILS

13.1 Conor Byrne - Head of Finance and Procurement
Email: byrnec@rbfrs.co.uk
Tel: 07585 991602