

News release

19 December 2016

Local government financial reporting remains robust

The timeliness and quality of financial reporting for 2015/16, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies¹, according to Public Sector Audit Appointments Limited's [Report on the results of auditors' work 2015/16: Local government bodies](#). The number of principal bodies that received an early unqualified audit opinion (by 31 July) doubled compared with 2014/15.

In spite of the challenges they are facing, principal local government bodies are working hard to maintain high standards of financial reporting. The latest results of auditors' work on the financial year to 31 March 2016 show a good position for the majority of organisations.

In December 2015, Public Sector Audit Appointments Limited (PSAA) published its first report on the results of auditors' work at local government bodies, covering the 2014/15 financial year. This is the second report and summarises the results of auditors' work at 497 principal bodies and 9,756 small bodies for 2015/16.

The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

For 2015/16, auditors aimed to issue their opinion on the accounts by the statutory accounts publication date of 30 September 2016, to enable bodies to publish their accounts with the auditor's report. Due to a change in the period for the exercise of public rights introduced by the Accounts and Audit Regulations 2015, the earliest date the auditor could issue the opinion on the accounts for 2015/16 was 15 July 2016. 49 principal bodies (10 per cent) received an unqualified opinion on the accounts by 31 July 2016 compared with 23 (5 per cent) for 2014/15.

Auditors at 341 of 357 councils (96 per cent) were able to issue the opinion on the accounts by 30 September 2016. All police bodies, fire and rescue authorities and other local government bodies received their audit opinion by 30 September 2016.

¹ Principal bodies include: 357 councils and related bodies; 31 fire and rescue authorities; 76 police bodies; and 33 other local government bodies. Small bodies include parish councils and internal drainage boards with an annual turnover below £6.5 million.

For the third year in a row there have been no qualified opinions on the accounts issued to date to principal bodies. The number of qualified conclusions on value for money arrangements increased slightly from 4 per cent to 6 per cent (27 councils, three police bodies, one fire and rescue authority and one other local government body).

For small bodies, auditors were able to issue their opinion on the annual return by 30 September 2015 at 97 per cent of parish councils and 98 per cent of internal drainage boards. This is down from 99 per cent the previous year. The number of qualified opinions issued to parish councils remained consistent with the previous year at 14 per cent, but decreased for internal drainage boards from 7 per cent to 4 per cent.

Notes for editors

1. The Audit Commission previously published Auditing the Accounts reports for local government bodies covering the audit of the accounts for 2008/09 to 2013/14.
2. Auditors' work on the 2015/16 accounts for local government bodies was carried out under the provisions of the Local Audit and Accountability Act 2014 and the Code of Audit Practice prepared by the National Audit Office (NAO).
3. Auditors at principal bodies are required to issue an opinion on the accounts on completion of the audit. Auditors aim to issue the opinion by the statutory accounts publication deadline of 30 September, to enable bodies to publish their accounts with an auditor's report.
4. Auditors will issue a qualified opinion if they think the accounts do not give a fair representation of the body's financial position and income and expenditure for the year, or if they think the accounts have not been prepared in accordance with relevant accounting and reporting standards.
5. Small bodies were required to publish their 2015/16 accounting statements and Annual Governance Statement (AGS) by 30 September 2016. They do this in the form of an annual return. Auditors aimed to issue the opinion and certificate on the 2015/16 annual return by the same deadline. This enables small bodies to publish their annual return with an auditor's report.
6. From 20 December 2016 the report will be available publicly on the [PSAA website](#).

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