

News release

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Consistent results for local government financial reporting

The timeliness and quality of financial reporting for 2016/17, 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 2016/17: Local government bodies](#).

This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016/17. 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.

Results for principal local government bodies

Compared with 2015/16, the number of principal bodies receiving an unqualified audit opinion by 31 July showed an encouraging increase. 83 principal bodies (17 per cent) received an unqualified opinion on their accounts by the end of July compared with 49 (10 per cent) for 2015/16. These bodies appear to be well positioned to meet the earlier statutory accounts publication timetable that will apply for 2017/18 accounts.

Less positively, the proportion of principal local government bodies where the auditor was unable to issue the opinion by 30 September increased compared to 2015/16. Auditors at 92 per cent of councils (331 out of 357) were able to issue the opinion on the accounts by 30 September 2017, compared to 96 per cent for the previous year. This is a disappointing development in the context of the challenging new reporting timetable from 2017/18. All police bodies, 29 out of 30 fire and rescue authorities and all other local government bodies received their audit opinions by 30 September 2017.

Jon Hayes, PSAA's Chief Officer, said:

"These results suggest there is no room for complacency in relation to the earlier statutory timetable which comes into operation for 2017/18 accounts. Principal local

¹ Principal local government bodies for 2016/17 include: 357 councils and related bodies; 30 fire and rescue authorities; 76 local police bodies; and 34 other local government bodies. Small bodies include parish councils and internal drainage boards with an annual turnover below £6.5 million.

government bodies clearly need to plan carefully and act decisively to ensure they are ready meet this challenge."

For the fourth consecutive year no qualified opinions have, as yet, been issued on the accounts of principal local government bodies. The number of qualified conclusions on value for money arrangements has remained relatively constant at 7 per cent (30 councils, 2 fire and rescue authorities and 1 other local government body) compared to 8 per cent for 2015/16.

Overall, the latest results of auditors' work on the financial year to 31 March 2017 show a solid position for the majority of principal local government bodies. Generally, high standards of financial reporting are being maintained despite the financial and service delivery challenges currently facing local government.

Results for small bodies

For small bodies, auditors were able to issue their opinion on the annual return by 30 September 2017 at 97 per cent of parish councils and 98 per cent of internal drainage boards. This is consistent with the previous year. The number of qualified opinions issued to parish councils increased disappointingly from 14 per cent in 2015/16 to 23 per cent; internal drainage boards also saw an increase in qualified opinions from 4 per cent to 10 per cent.

This will be the final year that the results of auditors' work at small bodies will be included in this report, as responsibility for appointing auditors to small bodies passed to Smaller Authorities' Audit Appointments Limited from 2017/18.

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 2016/17 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 2016/17 accounting statements and Annual Governance Statement (AGS) by 30 September 2017. They do this in the form of an annual return. Auditors aimed to issue the opinion and certificate on the 2016/17 annual return by the same deadline. This enables small bodies to publish their annual return with an auditor's report.
6. From 19 December 2017 the report will be available publicly on the [PSAA website](#).

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