

News release

29 October 2018

Encouraging result for local government financial reporting

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 87 per cent of audited bodies received an audit opinion by the new deadline, according to Public Sector Audit Appointments Limited's [Report on the results of auditors' work 2017/18: Principal local government and police bodies](#).

This is the fourth report published by PSAA and summarises the results of auditors' work at 495 principal local government and police bodies¹ for 2017/18. 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.

A total of 431 (87 per cent) principal local government and police bodies received an unqualified audit opinion by the new accounts publication deadline of 31 July. By 30 September the total had risen to 470 (95 per cent) which is the same figure as 2016/17 before the introduction of the new deadline.

Jon Hayes, PSAA's Chief Officer, said:

"These results are very encouraging and reflect the considerable efforts of local government finance staff and auditors to strive towards issue of the audit opinion by 31 July. However, more work will be required next year to build on this result and try to achieve closer to 100 per cent of audit opinions issued by the statutory accounts publication deadline."

The number of qualified conclusions on value for money (VFM) arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

The most common reasons for auditors issuing qualified VFM conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates, for example Ofsted;

¹ Principal local government and police bodies for 2017/18 include: 357 councils and related bodies; 29 fire and rescue authorities; 75 local police bodies; and 34 other local government bodies

- corporate governance issues;
- financial sustainability concerns; and
- procurement/contract management issues.

All the opinions issued to date in relation to bodies' financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

This is the final report under the statutory functions from the Audit Commission Act 1998 that were delegated to PSAA on a transitional basis. From 2018/19, PSAA is responsible for appointing auditors to relevant principal local government and police bodies that have chosen to opt into its national auditor appointment scheme (98% of eligible bodies have joined the scheme).

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 2017/18 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 31 July, to enable bodies to publish their accounts with an auditor's report.
4. From 30 October 2018 the report will be available publicly on the [PSAA website](#).

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