

## **Local government audit opinions delivered by 31 July 2019**

The number of delayed audit opinions in local government has risen sharply this year. Figures compiled by PSAA, the body responsible for appointing auditors to 98% of local government, police and fire bodies, show that more than 40% (210 out of 486) of audit opinions on 2018/19 statements of accounts were not available by the target date of 31 July 2019. The comparable position in relation to 2017/18 accounts was that approximately 13% of opinions were not available by the target date.

A number of factors have driven this deterioration in performance, posing challenges for both auditors and audited bodies. As previously reported, the target date has been missed in some cases because of a shortage of appropriately skilled and experienced auditors. In others the standard and timeliness of draft accounts, and/or associated working papers, has been lacking. Other delayed opinions arise from difficulties in obtaining responses to and resolving audit queries, and unresolved technical issues including matters arising within group accounts. In a relatively small number of cases 2018/19 opinions are delayed by the fact that prior year accounts await sign off.

Whilst the 31 July target date is not a statutory deadline for audit, both audited bodies and auditors strive to meet it wherever possible. The increase in the number of audit opinions not given by the target is therefore a significant concern. Delayed opinions can result in significant inconvenience and disruption, as well as additional costs and reputational damage for all parties. However, auditors have a professional duty only to give the opinion when they have sufficient assurance. Bodies that do not publish their audited accounts by 31 July are required by the Accounts and Audit Regulations 2015 to issue a statement explaining why they are unable to do so.

Commenting on the position, Tony Crawley, PSAA's Chief Executive, said:

“The challenge for all of the parties engaged in the accounts and audit process is to address the need for improvement urgently. The starting point is that accounts and working papers must be prepared to the right standard, and auditors must have sufficient appropriately trained and skilled staff to deliver their opinions wherever possible by the required date. There is also a need to address the more strategic challenges which arise from the current debates about auditing following various widely reported financial failures in the private sector. The response of firms to the current climate and to the recommendations of various inquiries and reviews will undoubtedly impact local audit. The issues need to be worked through and solutions implemented which will ensure a sustainable supply of audit services for the long term.”

“PSAA looks forward to working with MHCLG’s review team led by Sir Tony Redmond to address these issues and ensure that a sound system and framework for local audit can be relied upon for the long term.”