

# Restoring timely, high-quality financial reporting and audit of local bodies



## Consultations

In July 2023, the Minister for Local Government published a Cross-System Statement to Parliament setting out proposals to tackle the backlog in local government audits. Since then, the FRC has been collaborating with system partners in local audit to develop proposals to tackle these exceptional circumstances and restore timely, high-quality financial reporting and audit'.

These partners are the Department for Levelling Up, Housing and Communities (DLUHC), the National Audit Office (NAO), the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Chartered Accountants in England and Wales (ICAEW), and the Public Sector Audit Appointments (PSAA).

DLUHC has published a Joint Statement on its website setting out the proposals in more detail, including the phases of activity. To support the further development and testing of the measures, three consultations will be launched to receive further feedback and inform the decision on how to proceed:

- DLUHC is seeking views on changes to the Accounts and Audit Regulations 2015 to introduce a backstop date of 30 September 2024 for the publication of audited accounts up to and including 2022/23, and a series of future backstop dates covering the remainder of the PSAA appointment period.
- The NAO is seeking views on changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements.
- CIPFA is seeking views on temporary changes to the Code of Practice on Local Authority Accounting for 2023/24 and 2024/25 to reduce burdens on the finance teams and auditors. These changes would focus on simplifying the revaluation of operational property and requirements for disclosures around net defined pension liabilities or assets.

The details of all three consultations can be found on each system partner's websites.

## Engaging with the consultations

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**How can I get involved?**

As incoming shadow system leader, the FRC is hosting a series of roundtables in collaboration with DLUHC, the NAO and CIPFA on the proposed measures to tackle the backlog contained within the Joint Statement published on DLUHC's website.

Please get involved by signing up to one of the roundtables listed on the FRC's website. We know that many stakeholders are time-poor, so there will be a rolling series of sessions covering all three consultations, so you can join whichever session works for you.

If you have any questions, please email [StakeholderEngagement@frc.org.uk](mailto:StakeholderEngagement@frc.org.uk).

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**How can I respond?**

The consultations are exercises being undertaken by DLUHC, the NAO and CIPFA. As such, any responses should be sent directly to the relevant organisation following instructions set out in their consultation documents and by the closing date for submissions.

The FRC will be hosting a series of roundtables for interested stakeholders to provide further insight on key aspects of the consultations as well as hear your views and comments on the proposals.

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**Does the FRC support the proposals covered by the consultations?**

As incoming shadow system leader, the FRC has been involved in the collaboration between system partners in local audit to develop these proposals. As the Joint Statement sets out, exceptional measures of this nature are needed to achieve the shared priority of restoring timely, high-quality financial reporting and audit.

The FRC supports the proposals which are compliant with International Standards on Auditing (UK), and are taking a proportionate approach to inspection activity to enable the backlog to be addressed.

The FRC is publishing a podcast available on our website and the podcast platform of your choice which covers the steps the FRC are taking to support the implementation of the proposals.

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