

1 MARCH 2021

## **PR5-21 | PRINCIPAL COUNCIL AUDIT DEADLINES**

I am writing in response to the Ministry of Housing, Communities and Local Government (MHCLG) light touch consultation on implementing the recommendation made by Sir Tony Redmond's review of the effectiveness of external audit and transparency of financial reporting in local authorities by amending the Local Authority Accounts and Audit (amendment) regulations 2021 to give principal councils more time to publish their audited accounts.

Our comments are set out below:

- We have no objection to proposals regarding principal councils. We agree that the accounting year 2021/22 will continue to be particularly challenging as council finance teams and audit firms seek to catch-up after the significant COVID-19 related delays. Attempting to return to a 31 July deadline to audit the 2020/21 accounting period in particular would be completely unrealistic therefore – for both principal councils and local (parish and town) councils.
- We do not think it is unreasonable for the Government to introduce a new requirement for local bodies to provide an explanation on their website if they miss the draft publication date.
- However, in the case of local councils it is vital the Government also recognises the continuous pressure local councils have been under since last year simply to keep up with their accounts and audit responsibilities, let alone asset management and service delivery duties, as well as supporting their communities throughout the pandemic.
- Local councils will face similar challenges to principal councils caused by remote working, staff redeployment and illness, and COVID-19 related pressures in general.
- There will be delays in the completion of some internal audits due to lockdown restrictions whilst the uncertainty around online or face to face meetings will encourage some councils to cancel or minimise the agenda of meetings in early Summer when the accounts are normally considered to meet external audit deadlines.

- The extended Annual Governance and Audit Return (AGAR) submission deadline for local councils in 2019/20 was 31 August 2020, by which date out of 8,401 local councils (excluding parish meetings), 7,171 (85%) had submitted either an AGAR or Certificate of Exemption. This left 1,230 councils (15%) who failed to submit an AGAR by the extended deadline.
- For these reasons we are strongly urging the Government to maintain the current extended deadline of 30 November for local councils to publish their audited accounts.

NALC is keen to work with the government on subsequent regulations to ensure these are fit for purpose, as well as on any other measures and support needed to assist smaller authorities with their implementation.

#### **More information and contact**

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