

30 MARCH 2020

PR3-20 | EXTENDING ACCOUNTS AND AUDIT DEADLINES

On 26 March, the Ministry of Housing, Communities and Local Government (MHCLG) emailed the National Association of Local Councils (NALC) asking for views by close of play on 30 March on proposed regulations which would extend the deadline for the inspection/publication requirements in the Accounts and Audit Regulations 2015.

MHCLG stated at that point that the government was not currently planning to amend the requirements for smaller authorities given that they were due to publish to the existing timescale in any case, but invited views as to whether amending the accounts deadlines for these bodies would also be helpful.

In developing our response, NALC has undertaken a rapid engagement exercise seeking input from the local (parish and town) council sector, including representatives from different sizes of local councils, county associations, Society of Local Council Clerks (SLCC), and also from the Association of Drainage Authorities (ADA) and National Audit Office.

Accordingly, NALC's response on behalf of the local council sector is set out below:

- NALC strongly urges the government to widen the scope of extending the deadlines for the publication and inspection requirements in the Accounts and Audit Regulations 2015 to include smaller authorities comprising England's 10,000 local councils and over 230 drainage authorities.
- It is imperative smaller authorities be enabled and empowered to continue to focus on doing whatever they can to help their communities during the current public health crisis.
- Local councils are expressing real consternation and concern about looming statutory requirements, it is of vital importance at this crucial time that local councils are not distracted by currently impracticable statutory requirements regarding meetings and local audit.

- Most local councils, including their councillors and staff such as clerks, are currently focusing, rightly, on supporting the community response to coronavirus, working closely with their colleagues in principal councils and other agencies.
- Adhering to the current timescale places severe limitations for local councils, in particular clerks and Responsible Financial Officers (their Section 151 officers), as well as for internal auditors, who, on the whole, are independent contractors.
- Many local councils are not equipped, or supported by auditors, to work remotely, meaning that closing accounts would require social contact such going into council offices to perform certain tasks, such as accessing documents and information, for what is a non-essential purpose.
- Sticking to the current statutory timescales does not sit well with government guidance to reduce social contact through social distancing and only to travel or go into work for essential purposes, this is also particularly relevant given the age profile of the local council sector.
- Notwithstanding the ability of local councils to meet 'virtually', with enabling regulations yet to be laid, again, at a practical level, this will be challenging for many local councils due to levels of mobile and broadband connectivity especially in rural communities, as well as having the necessary skills and equipment.
- Therefore, NALC is calling for an extension of the current statutory deadlines by a minimum of three months, this would comprise approval (of accounts) by full council by 30 September, instead of 29 June, publication by 1 October (the first working day of October), instead of 1 July, and to publish the audited AGAR by 31 December, instead of 30 September.
- This approach is supported by SLCC and ADA.
- During the period when members of the public have a right to physically examine the accounts, NALC proposes that this should also be amended so that this can only be done by email while government guidance on restrictions are still in place.

- We would also encourage the government to consider the approach being taken in Wales, where the Wales Audit Office and Welsh Government have already delayed current statutory requirements, and are being sensitive, pragmatic and mindful of the pressures being faced by community and town councils.
- Unprecedented times call for unprecedented measures, and it will be necessary for these timescales to be kept under constant review given many of the issues and obstacles we have highlighted will not be solved in just a few months' time.
- A lack of flexibility by the government could also bring the whole audit regime, which is itself proportionate and has worked well for smaller authorities since its introduction, into disrepute.
- NALC fully acknowledges the pressures the government and department are under in supporting local authorities to respond to the current situation, and the steps outlined above will help local councils remain focussed on playing their part in supporting their communities and working with partners such as principal councils and other agencies.
- NALC is keen to work with the government on any 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.

This response has also been copied to SLCC, ADA and the Local Government Association, for their information.

More information and contact

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