



Department for Levelling Up,
Housing & Communities

Simon Hoare MP
Minister for Local Government
2 Marsham Street
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Our reference: MC2024/02054

Cllr Richard Bell
County Durham and Darlington Fire and
Rescue Authority
County Hall
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19th

February 2024

Dear Cllr Bell

Thank you for your letter of 5 January addressed to the Secretary of State, the Rt Hon Michael Gove MP, about the backlog of audits which are outstanding for local authorities. I am replying as the Minister responsible for this policy area.

The Government recognises the vital role played by our systems of local authority financial reporting and audit. Accurate and independently audited financial information, delivered on time, enables authorities to effectively plan, make informed decisions and manage services.

We acknowledge the exceptional circumstances of the current backlog and have been working to find a solution. Since the Cross-System Statement made by my predecessor in July 2023 we have worked with system partners to develop a proposal that will clear the backlog.

Supported by the Financial Reporting Council (FRC), we intend to consult on proposals to set a backstop date of 30 September 2024, by which point local bodies will need to publish audited accounts for all financial years up to and including 2022-23. This is intended to allow those who prepare and audit local body accounts to focus on more current financial periods.

The National Audit Office will also be consulting in tandem on potential changes to the Code of Audit Practice to support this approach. Subject to the outcome of these consultations, we intend to bring forward legislation to implement the backstop proposals.

We expect preparers and auditors to continue undertaking existing work to produce and audit local authority financial statements while the consultations take place. To ensure that delays don't re-emerge once the backlog has been cleared, we are also proposing backstops for the five subsequent years, so that assurance can be gradually rebuilt, and the system reset. Further details of the Government's proposals will be set out in these consultations which will be launched in the coming weeks.

Clearing the backlog is not the sole focus. All parties to the Cross-System Statement have committed to continue work to ensure that financial reporting, auditing and regulatory requirements are proportionate and based on a common understanding of the purposes of local audit and reporting. While the Government's priority is to clear the backlog of local audit opinions, it is important that we address longer term systemic challenges also.

Thank you for writing on this important matter. I hope this letter has been helpful.

Yours sincerely
Simon Hoare

SIMON HOARE MP
Minister for Local Government