

REPORT OF THE CHIEF FINANCE OFFICER

TO AUDIT AND ACCOUNTS COMMITTEE

**ON
24 MARCH 2021**

TITLE: PUBLICATION OF ACCOUNTS (MHCLG CONSULTATION)

RECOMMENDATIONS:

It is recommended that members note:

- The extended publication deadlines for 2020/21 and 2021/22 accounts
 - That accountants and auditors will timetable completion, public inspection and audit work in accordance with the deadlines
 - That the final draft statement of accounts and audit completion report will be brought to the September meeting of this committee
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EXECUTIVE SUMMARY:

The government has extended the deadline for the publication of 2020/21 and 2021/22 accounts from 31 July to the 30 September following the end of the financial year.

BACKGROUND DOCUMENTS:

[The Accounts and Audit Regulations 2015](#)
[Local authority financial reporting and external audit: independent review](#) (Redmond Review)
MHCLG letter “Consultation on amendments to the Accounts and Audit Regulations 2015”
[The Accounts and Audit \(Coronavirus\) Regulations 2020](#)
[The Accounts and Audit \(Amendment\) Regulations 2021](#)
Finance working papers: statement of accounts timetable 2020/21

KEY DECISION: YES / NO

DETAILS:

Background

The date that each class of authority must publish its statement of accounts following

audit is set down in Accounts and Audit Regulations. Under the regulations, Salford and other principal authorities are category 1 authorities.

Prior to 2017/18, the publication date was 30 September. The 2015 Regulations revised the date for category 1 authorities to 31 July with effect from 2016/17 accounts. Accountants and auditors timetabled their work accordingly. For financial years 2016/17 to 2018/19, Audit & Accounts committee therefore met in July to receive an audit completion report and draft statement of accounts before the publication deadline.

While challenging, the earlier deadline had advantages to authorities in freeing up finance teams as early as possible to work on other areas. However, the Redmond Review noted that audit firms reported that the compression of the audit timetable gave rise to concerns about peaks in workload and pressures on staff. It noted that many audit opinions were not issued by the statutory publication deadline (eg only 57% for 2018/19 accounts) and proposed extending the deadline to 30 September.

Coronavirus and the 2019/20 accounts

Recognising the impact of coronavirus on the capacity of local authorities and external audit firms, the Accounts & Audit (Coronavirus) Regulations 2020 extended the publication deadline for 2019/20 accounts (only) to 30 November 2020. Audit & Accounts committee received the audit report and draft statement on 25 November 2020 in accordance with the deadline.

2020/21 and 2021/22 accounts

Reacting to the Redmond Review, government issued a brief consultation on a proposal to extend the publication date to 30 September, with a draft to be published by 1 August. The proposal is subject to further review to assess its impact on audit completion rates and applies to 2020/21 and 2021/22 accounts initially. The proposal was sensible and was supported by the council. Our full reply is attached as an appendix.

Government has now issued the Accounts & Audit (Amendment) Regulations 2021, extending the publication date as proposed to 30 September.

Summary

Accounts publication dates			
Financial year	Legislation deadline	Salford CC A&A cttee date	Note
2015/16	30 Sep 16	24 Aug 16	One month early
2016/17	31 Jul 17	26 Jul 17	
2017/18	31 Jul 18	31 Jul 18	
2018/19	31 Jul 19	24 Jul 19	Updated 30 Sep 2019
2019/20	30 Nov 20	24 Nov 20	A&A (Coronavirus) Regs 2020
2020/21	30 Sep 21	tbc	A&A (Amendment) Regs 2021
2021/22	30 Sep 22	tbc	A&A (Amendment) Regs 2021
2022/23	tbc	tbc	tbc

The finance team is experienced in preparing accounts accurately and promptly and working with auditors to achieve closure and publication deadlines. The extended deadline will relieve workload pressures on both teams.

Recommendations

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KEY COUNCIL POLICIES: Budget strategy; medium term financial strategy

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: Not applicable

ASSESSMENT OF RISK: Low.

LEGAL IMPLICATIONS: Not applicable.

FINANCIAL IMPLICATIONS: Supplied by Chris Hesketh, Head of Financial Management.

The production of the statement of accounts is resourced by the finance division. There are no material financial implications

PROCUREMENT IMPLICATIONS: Not applicable.

HR IMPLICATIONS: Not applicable.

OTHER DIRECTORATES CONSULTED: Not applicable.

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WARDS TO WHICH REPORT RELATES: None.

Appendix

MHCLG consultation and Salford CC response

Q1. Do you have any comments about the deadlines proposed?

Moving the deadlines back from 31 May to 1 August and from 31 July to 30 September is welcome and gives LAs and auditors a realistic timescale for preparing and auditing the accounts.

Q2. Do you have any comments about the proposal to include a requirement to publicise the reasons why, in exceptional circumstances, the draft accounts have not been published?

Putting the reasons for failing to meet the deadline on website is reasonable.

Q3. We would also welcome any more general comments on the proposals, including any comments relating to equalities impact^[1] or any potential for unintended consequences of any of the amendments proposed.

Moving the deadlines back from 31 May to 1 August and from 31 July to 30 September may not solve audit resource problem if everyone publishes draft accounts on 1 August but a 4 month window for the production of draft accounts should be long enough to enable the auditor workload to be less concentrated as LAs will have a range of publication dates, additionally it will take unnecessary pressure of the close down period for LA staff.
