



To:
All members of the
Audit Committee

Please reply to:
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Date: 24 January 2024

Supplementary Agenda

Audit Committee - Monday, 29 January 2024

Dear Councillor

I enclose the following items to be attached to the following agenda items for the Audit Committee meeting to be held on Monday, 29 January 2024:

10. Urgent Item - External Audit Update

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To receive a verbal update on the work of the External Auditors.

The Chair has authorised the addition of this item for the following reason:

“Due to a statutory cut off date of 30th September 2024 being set for the completion of outstanding audits, it was agreed that a verbal update on the work of the External Auditors be provided at this meeting.”

Yours sincerely

Matthew Williams
Corporate Governance

To the members of the Audit Committee

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K. Howkins (Vice-Chair)
M. Arnold

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L. E. Nichols

P. Briggs

Substitute Members: Councillors: C. Bateson, S. Bhadye, M. Buck and J.A. Turner



**Department for Levelling Up,
Housing & Communities**

Simon Hoare MP
Minister for Local Government
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Clive Betts MP
Chair, Levelling Up, Housing and Communities Committee
House of Commons
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January 2024

Dear Clive

Thank you for your considered report on *Financial Reporting and Audit in Local Authorities*, published by the Levelling Up, Housing and Communities Committee on 24 November 2023.

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 local bodies to effectively plan, make informed decisions and manage their services. This aids transparent and accountable local democracy which engenders public confidence and trust.

In July my predecessor, Lee Rowley MP, wrote to you providing a cross-system statement on proposals to clear the backlog of local audits. He set out that there exists a shared resolve and commitment amongst the organisations which comprise the local audit system to take action to tackle the exceptional circumstances of the current backlog and ensure a return to timely delivery of high-quality financial reporting and external audit in local bodies. This resolve remains strong and considerable. Detailed development of the proposals, alongside engagement with stakeholders across the sector, has taken place since the Summer. I am pleased that the Committee have acknowledged that *“a resetting of the system through a limited series of statutory deadlines... represents a necessary first step...”*.

I can now confirm that the Department, supported by the FRC, alongside the National Audit Office, will launch consultations on these proposals soon. Our proposals will include an initial backstop date for local authorities and auditors of 30 September 2024 for all outstanding local audits in England up to and including the financial year 2022-23. Subject to the outcome of the consultations on necessary legislative changes as well as changes to the Code of Audit Practice, we intend to bring forward legislation to implement the backstop proposals. While these consultations take place, preparers and auditors should continue undertaking existing work to produce and audit local authority financial statements to ensure the system is in the best place possible to implement any final package of measures.

The Government is carefully considering the Committee’s report, and its content is helping to inform our work with key system partners to develop solutions to the challenges in the local authority financial reporting and audit system. The Committee’s report makes a wide range of recommendations for both the backlog and the future of local financial reporting and audit and I agree that important questions concerning systemic challenges must be addressed.

SIMON HOARE MP
Minister for Local Government

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