

Deputy Chief Executive  
Spelthorne Borough Council  
Council Offices, Knowle Green  
Staines-upon-Thames  
TW18 1XB

18 October 2024

Email:  
leigh.lloyd-thomas@bdo.co.uk

Dear Terry

### Local audit backlog

You will be aware that the Government has put arrangements in place to clear the backlog of outstanding historical audit opinions. On 9 September 2024, the Government laid in Parliament a Statutory Instrument, *'The Accounts and Audit (Amendment) Regulations 2024'*, which introduces backstop dates by which point local bodies must publish audited accounts. The Government, on behalf of the Comptroller and Auditor General (C&AG) has also laid a revised *'Code of Audit Practice 2024'*, that requires auditors to give their opinion in time to enable local bodies to comply with the backstop date. The backstop date for historical audit opinions up to and including financial year 2022/23 is 13 December 2024. Further details on the Government's backstop arrangement are set out in the Financial Reporting Council's Accessible Guide *'Local Audit Backlog Rebuilding Assurance'*, a copy of which is included with this letter. Also included is a copy of a recent letter from Catherine Frances, Director General for Local Government and Public Services, which provides an update on actions being taken to tackle the local audit backlog.

The purpose of this letter is to set out our plans for helping you to comply with the Government's backstop arrangements, which includes the actions we need you to take to help ensure that the backstop date is met. I would be grateful if you could share this letter, the Financial Reporting Council's Accessible Guide *'Local Audit Backlog Rebuilding Assurance'* and the letter from Catherine Frances with members of the Audit Committee. Appendix 1 to this letter covers actions required by Spelthorne Borough Council, while Appendix 2 cover actions we are required to take.

If you have any queries in respect of this letter, please do not hesitate to contact me.

Yours sincerely

Leigh Lloyd-Thomas  
Director  
For and on behalf of BDO LLP

### Actions required by Spelthorne Borough Council

Prior to publication of the final signed financial statements, Spelthorne Borough Council needs to have:

- prepared the statement of accounts
- published the draft statement of accounts for public inspection and completed the 30-working day public inspection period; and
- approved the statement of accounts.

The Accounts and Audit Regulations 2015 state that the responsible financial officer (RFO) must:

- sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of
  - the financial position of the authority at the end of the financial year to which it relates, and
  - that authority's income and expenditure for that financial year
- commence the period for the exercise of public rights, and
- notify the local auditor of the date on which that period was so commenced.

Following the conclusion of the period for the exercise of public rights, a local authority must:

- consider, either by way of a committee or by the members meeting as a whole, the statement of accounts
- approve the statement of accounts by a resolution of that committee or meeting
- ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.

The RFO must then re-confirm that they are satisfied that the statement of accounts presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates, and
- that authority's income and expenditure for that financial year, before the local authority approves the statement of accounts.

The attached letter from Catherine Frances, Director General for Local Government and Public Services, states:

*“It should not be necessary for the audit of the previous year’s accounts to be completed for Section 151 Officers to comply with their responsibilities to certify that the unaudited accounts show a true and fair view, as local bodies should have sufficient internal controls and processes for the Section 151 Officer to obtain this assurance. It is a legislative requirement for bodies to publish unaudited accounts. If bodies feel they are in a position where they will not be able to do this ahead of the backstop, following engagement with their auditor, they should contact the Department or their relevant sponsor department at the earliest opportunity”.*

If you feel unable to certify that unaudited accounts show a true and fair view, we ask that you raise this with ourselves, and subsequently with the Ministry of Housing, Communities and Local Government or relevant sponsor department, as soon as possible.

### *Presentation of reports to the Audit Committee*

We need to present a combined Audit Planning Report and Audit Completion Report for 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 to the Audit Committee prior to issuing our outstanding opinions on the financial statements.

Given the requirement for audited accounts to be published by 13 December, many local authorities will be arranging audit committee meetings, or equivalent, in the weeks leading up to this date so that they can approve their accounts and receive reports from their external auditors.

The Council has arranged an Extraordinary Audit Committee meeting at 7.00pm on Wednesday 4<sup>th</sup> November to receive our reports on the Statement of Accounts.

We intend to issue our backstop opinions on the Statement of Accounts for each relevant year.

However, as we have previously discussed, there is likely to be a delay in issuing our value for money conclusion, Auditor's Annual Report and audit certificates to formally close the audits until the Best Value Inspection team has completed its and the Minister issued this report regarding the governance arrangements at the Council. We will provide an oral update on this work at the Audit Committee.

### Actions required by the auditor

#### *Audit of the financial statements*

The table below summarises the status of incomplete audits for Spelthorne Borough Council for financial years up to and including 2022/23, plus the type of opinion we currently expect to give.

Financial year	Status of the audit	Expected type of opinion*
2018/19	<p>Unaudited financial statements prepared by Council.</p> <p>Initial planning and risk assessment procedures commenced but not concluded.</p> <p>Substantive testing commenced but not concluded in the following areas:</p> <ul style="list-style-type: none"> <li>- Property, plant and equipment</li> <li>- Long term investments</li> <li>- Cash and cash equivalents</li> <li>- Long term borrowing</li> <li>- Provisions</li> <li>- Income</li> <li>- Non-payroll expenditure</li> <li>- Related party transactions</li> </ul>	Disclaimer of opinion
2019/20	<p>Unaudited financial statements prepared by Council.</p> <p>No audit procedures performed.</p>	Disclaimer of opinion
2020/21	<p>Unaudited financial statements prepared by Council.</p> <p>No audit procedures performed.</p>	Disclaimer of opinion
2021/22	<p>Unaudited financial statements prepared by Council.</p> <p>No audit procedures performed.</p>	Disclaimer of opinion
2022/23	<p>Unaudited financial statements prepared by Council.</p> <p>No audit procedures performed.</p>	Disclaimer of opinion

\* An explanation of qualified and disclaimers of opinion is provided in paragraphs 15 and 16 in the Financial Reporting Council's Accessible Guide 'Local Audit Backlog Rebuilding Assurance'

To help auditors meet the Government's requirements in respect of the backstop, the National Audit Office has published a package of Local Authority Reset and Recovery Implementation Guidance (LARRIGs), which have been endorsed by the Financial Reporting Council. We have

given careful consideration to these LARRIGs when determining what audit procedures we need to perform before issuing a disclaimer of opinion on Spelthorne Borough Council's financial statements. These procedures include, but are not limited to:

- evidencing our independence
- confirming engagement acceptance and continuance
- determining the scope of the audit
- determining materiality
- formulating an overall audit strategy
- responding to actual or suspected non-compliance with laws and regulations
- reviewing minutes of meetings of the Audit Committee, Cabinet (for years 2018/19, 2019/20 and 2020/21) and Strategic Committees (for years 2021/22 and 2022/23)
- agreeing opening balances and comparative figures to prior year financial statements
- checking financial statements for internal consistency and arithmetic accuracy
- evaluating any misstatements identified
- drafting a combined Audit Planning Report and Audit Completion Report and presenting it to the Audit Committee on 4 December 2024.

#### ***Value for money arrangements***

Prior to giving an opinion on the financial statements, we either need to have completed our work in respect of Spelthorne Borough Council's value for money arrangements or have determined that any remaining work will not have a material impact on the financial statements. The table below summarises the status of incomplete value for money work for Spelthorne Borough Council for financial years up to and including 2022/23, the conclusion we currently expect to reach and the planned output from our work. The revised Code of Audit Practice 2024 that has been laid in Parliament allows auditors to issue a combined commentary on value for money arrangements for incomplete audits up to and including 2022/23. We therefore intend to issue a combined commentary for 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23. The identification and reporting of any significant weaknesses continues to be assessed on a year-by-year basis.

<b>Financial year</b>	<b>Status of value for money work</b>	<b>Expected conclusion</b>	<b>Output*</b>
2018/19	No work performed	TBC	Conclusion on value for money arrangements
2019/20	No work performed	TBC	Conclusion on value for money arrangements
2020/21	No work performed	TBC	Commentary on value for money arrangements and reporting of any significant weaknesses identified
2021/22	No work performed	TBC	Commentary on value for money arrangements and reporting of any significant weaknesses identified
2022/23	No work performed	TBC	Commentary on value for money arrangements and reporting of any significant weaknesses identified

*\* Audits prior to 2020/21 were performed under the Code of Audit Practice 2015, which required a different approach to value for money work than is required for 2020/21 audits onwards*