

# Report to Audit and Risk Assurance Committee

18 January 2024

<b>Subject:</b>	Local Audit Arrangements Update
<b>Director:</b>	Interim S151 Officer Brendan Arnold <a href="mailto:Brendan_Arnold@sandwell.gov.uk">Brendan_Arnold@sandwell.gov.uk</a>
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## 1 Recommendations

1.1 To note the current position regarding the Local Audit arrangements.







## 2 Reasons for Recommendations

2.1 To update the Audit and Risk Assurance Committee on the current situation with regards to the backlog in Local Audit arrangements across the local government sector, what action is being taken to attempt to remedy this and the impact it may have as the Council seeks to achieve the successful sign-off of its 2021-22 and 2022-23 accounts.

2.2 The role of the Audit and Risk Assurance Committee is to help provide assurance to the Council that it has a robust system of governance, risk management and internal control. The timely approval of the Council's Annual Statement of Accounts provides a key role in such assurance.



### 3 How does this deliver objectives of the Corporate Plan?

	Best start in life for children and young people People live well and age well Strong resilient communities
	Quality homes in thriving neighbourhoods A strong and inclusive economy A connected and accessible Sandwell
	The audit of the accounts and the Value for Money conclusion by the external auditors, are important elements of the accountability and transparency of the Council's finances in helping to support all of the Council's objectives.
	
	
	

### 4 Context and Key Issues

- 4.1 The Committee will be aware that the Council's Statement of Accounts for 2020-21 while delayed, were formally approved with an unqualified opinion in August 2023.
- 4.2 The Council is now keen to proceed rapidly in the production of the 2021-22 accounts and those for 2022-23. The Council's ambition is that these accounts will be such that unqualified opinions can be obtained following the usual audit process.
- 4.3 Members of the Committee may also be aware that there has been a deterioration in the timeliness of local government audit across the sector for some time, with delays compounded during the pandemic, leading to a significant backlog of audit opinions.



- 4.4 The National Audit Office (NAO), the Department for Levelling Up, Housing and Communities (DLUHC) and others intend to set a series of statutory deadlines referred to as a 'backstop', for accounts preparers and auditors to help clear the backlog of delayed audits.
- 4.5 DLUHC have indicated that once these deadlines have been set auditors will be required to provide as much assurance as possible for any outstanding years accounts, reporting as normal any significant concerns they have on an organisation's financial controls, financial reporting as well as financial resilience, governance and risk.
- 4.6 Where necessary, if the accounts have not been formally signed off by the auditors by the backstop, they would need to limit their opinion and make clear to the users of the accounts those aspects or sections of a set of accounts which are not supported by sufficient, appropriate evidence, and which the auditor is unable to provide assurance over.
- 4.7 An update on the latest position and the impact this may have on the Council's annual accounts will be provided at the meeting.
- 4.8 The Council will continue to liaise with our external auditors with regards to the completion of accounts within the new arrangements.
- 4.9 There are also proposals for a broader programme of reform across the local audit system in order to ensure that this situation does not arise again in the future. As more details of these emerge, they will also be shared with the Audit and Risk Assurance Committee

## 5 Implications

<b>Resources:</b>	The audit of the accounts and the Value for Money conclusion by the external auditors, are important elements of the accountability and transparency of the Council's finances.
<b>Legal and Governance:</b>	The Secretary of State makes the Accounts and Audit Regulations in exercise of powers conferred by the Local Audit and Accountability Act. The Accounts and Audit Regulations require the Statement of Accounts be produced in accordance with proper practice



<b>Risk:</b>	Consideration of risk is a key role in the process of the annual audit of the Council's accounts.
<b>Equality:</b>	As a decision is not being sought in this report, it is not necessary to undertake an Equality Impact Assessment.
<b>Health and Wellbeing:</b>	There are no explicit Health and Wellbeing implications in relation to this report.
<b>Social Value</b>	There are no explicit Social Value implications in relation to this report.
<b>Climate Change</b>	There are no explicit Climate Change implications in relation to this report.
<b>Corporate Parenting</b>	There are no explicit Corporate Parenting implications in relation to this report.

## 6. Appendices

None

## 7. Background Papers

None

