



<b>Audit and Governance Committee</b>		Agenda Item <b>4b</b>
<b>8<sup>th</sup> March 2024</b>		
Title:	Response to DLUHC consultation on Addressing the Local Audit backlog in England	
Report of:	John Pye – Independent Person and Chair.	
Lead Member:	Cllr Edna Murphy – Lead Member for Governance	
Public Report:	Yes	

#### Recommendations:

A	The Audit and Governance Committee is asked to note the response to the DLUHC consultation on Addressing the Local Audit backlog in England.
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#### Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

Achieving Best Value and High Performance

#### 1. Purpose

1.1	The Department for Levelling Up, Homes & Communities (DLUHC) has issued a consultation on proposals to address the Local Audit backlog in England. The National Audit Office (NAO) has issued a similar consultation and both consultations follow work between DLUHC, the NAO and the Financial Reporting Council (FRC). Responses to the DLUHC consultation were required by 7 <sup>th</sup> March 2024, so this report provides the Committee with the response to the DLUHC consultation by the Executive Director Resources & Performance, following consultation with the Chair of the Committee and other Statutory Officers in the Combined Authority, by that date. No separate response was made to the NAO consultation as this covered similar ground to the DLUHC consultation but was more focused on the views of the audit profession.
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#### 2. Proposal

2.1	The Committee are asked to note the response to the consultation.
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#### 3. Background

3.1	The audit profession in England has been struggling to provide sufficient resources to audit Local and Combined Authority accounts in a timely manner. This has led to a significant backlog of unaudited accounts for many Local and Combined Authorities across England. DLUHC, the NAO and the FRC have developed options to reset and recover the current situation, which is likely to lead to a large number of financial accounts for the 2022/23 financial year across the country being either disclaimed
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	or qualified. This may well include the Combined Authority's accounts for that year. Their recovery proposals may also have longer term impacts on Local and Combined Authorities across England.
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## 4. Appendices

4.1	DLUHC consultation <a href="https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england">Addressing the local audit backlog in England: Consultation - GOV.UK (www.gov.uk)</a> Response to DLUHC consultation
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## 5. Implications

### Financial Implications

5.1	Transparency of the reporting of the financial position of an organisation is a key principle underpinning the accounting and auditing profession, as is timeliness in reporting. The proposals in the consultation seek to balance these two requirements, however as noted in the response to the consultation there may be options for relatively minor changes to the proposals which could improve the ability to balance those requirements.
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### Legal Implications

6.1	This committee is responsible for considering the annual external audit of the Combined Authority's accounts, including the Annual Audit Letter and assessing the implications and monitoring managers' response to concerns. Therefore, this committee is best placed to comment and note the response to the consultation mentioned in this report.
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### Public Health Implications

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### Environmental & Climate Change Implications

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### Other Significant Implications

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### Background Papers

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