

Audit Progress Report

Stockton on Tees Borough Council

November 2023



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01

Section 01:
Audit progress

1. Audit progress

Purpose of this report

This report provides the November 2023 Audit and Governance Committee meeting with an update on progress in delivering our responsibilities as your external auditors. It updates members on the national delays in completing the 2020/21 and 2021/22 audits and how they impact the Council and the timing of the 2022/23 audit. It also includes, at Section 2, a summary of recent national reports and publications for your information.

2020/21 Audit

The audit certificate for the 2020/21 audit was issued on 15 September 2023. This was delayed until we received clearance from National Audit Office (NAO) that they were not selecting the Council as a sampled component for additional work in relation to Whole of Government Accounts (WGA). This issue impacted on all authorities, not just the Council.

The audit certificate formally closes and concludes the 2020/21 audit. We issued our audit report on 7 December 2021.

2021/22 Audit

Financial Statements audit

We substantially completed our 2021/22 audit and issued our audit completion report in November 2022. However, we have previously updated the Audit and Governance Committee that following the resolution of the issues that arose in respect of infrastructure (the Council adopted the statutory override and updated the disclosures in its 2021/22 financial statements in relation to infrastructure, and we completed our audit testing of that in February 2023), a further national issue had arisen.

The new national issue related to the impact of the delay in 2021/22 audit work, initially caused by the infrastructure issue, and then exacerbated in the Council's case by a delay in receiving the Pension Fund Auditor Assurance letter until 22 March 2023 (the Pension Fund auditor is a different audit firm to Mazars). This meant that the triennial revaluation of the Teesside Pension Fund as at 31 March 2022 was now available as more up-to-date information for management to reflect in the 2021/22 financial statements.

The way forward took a little time to confirm as the situation was unprecedented and added further to what had already been a considerable delay in completing the audit.

1. Audit progress (continued)

The way forward was then agreed that:

- Authorities (including the Council) were to obtain updated IAS19 valuation reports and amend the 2021/22 financial statements for the new figures; and
- Pension Fund auditors were to complete testing on the reliability and accuracy of the updated pension fund membership data.

The work on this was immediately prioritised. Unfortunately, the Pension Fund auditor indicated that they could not provide us with the results of their testing until September 2023 and when we did receive their report there were significant discrepancies between the membership data used by the fund and that indicated by testing. The pension fund auditor stated that they were unable to resource further work designed to resolve these discrepancies and thus we agreed with them and the administering authority that we would complete this work.

The issue of an audit opinion on the Council's financial statements is an important part of the accountability framework for the use of public money. We understand that at mid-July 2023, only 27% of audit opinions had been issued in relation to the 2021/22 financial year. These unprecedented delays are of concern. It is our priority to bring the audit to a conclusion as soon as possible.

It is important to note that in relation to the 2021/22 audit of the financial statements:

- We still anticipate issuing an unqualified audit opinion;
- The delays are nothing to do with management or those charged with governance, and are national issues beyond the Council's control; and
- The issues causing the delays are all in relation to technical accounting issues, none of which will have an impact on the resources available to the Council or its underlying financial position.

The latest position is that we are still working with Middlesbrough Council and Teesside Pension Fund to resolve the outstanding issues from the pension fund auditor's work.

Value for Money arrangements

We are not able to finalise our Auditor's Annual Report including our commentary on value for money until we have issued our audit opinion. We have, however, completed our work, and subject to a final check at the point we report, we have not identified any significant weaknesses or recommendations in relation to our reporting criteria of financial sustainability, governance and improving economy, efficiency and effectiveness. We presented our draft Auditor's Annual Report to the September Audit and Governance Committee meeting.

1. Audit progress (continued)

Whole of government accounts

When we have issued the 2021/22 audit opinion, we will also be able to report to NAO on the WGA. However, once again we anticipate a delay before we can issue the audit certificate, as we wait for NAO clearance that they will not be selecting the Council as a sampled component for additional work in relation to WGA.

2022/23 Audit

Our Audit Strategy Memorandum for the 2022/23 audit was presented to the Audit and Governance Committee on 31 July 2023. This indicated that the timing of our fieldwork and completion was October 2023 subject to the need to prioritise completion of the 2021/22 audit referred to above.

Audit fieldwork on the 2022/23 financial statements is now substantially complete with the key outstanding areas being property, plant and equipment and IT audit.

One issue that we have been working through with officers in relation to the 2022/23 financial statements is accounting for the net pension asset (the first time there has been a net pension asset). This involved obtaining an actuarial report on the calculation of the asset ceiling to see whether the net asset disclosed needed to be capped at a lower level. The actuarial report has in fact confirmed that the net asset disclosed is less than the asset ceiling and consequently a further adjustment to the 2022/23 financial statements has not been required.

We are aiming to complete our audit work in relation to the 2022/23 audit by the end of December 2023. However, as for the 2021/22 audit, we are anticipating a further delay in receiving the Pension Fund auditor assurance letter. We are regularly liaising with the auditor of Teesside Pension Fund to ensure that this delay is minimised, and the latest forecast is that it will be issued in time for us to issue an opinion by 31 March 2024.

We understand that nationally just one per cent of local authority accounts were signed off by 30 September 2023 and the Government, the NAO, audit suppliers and regulators are working together to find a way to clear the backlog in 2023/24, which is the first year of a new external audit contract let by Public Sector Audit Appointments Limited. We will update the Audit and Governance Committee as soon as a way forward is agreed with all stakeholders as all parties recognise that the current situation in the public sector external audit market is unsustainable.

02

Section 02:

National publications

National publications

Publication / Update		Key points
National Audit Office (NAO)		
1.	Condition of school buildings, June 2023	Report which examines whether the Department for Education (DfE) is achieving its objective to ensure the school estate in England contains the safe and well-maintained school buildings that it regards as essential for a high-quality education.
2.	Whole of Government Accounts 2020/21, 20 July 2023	Publication of the Whole of Government Accounts for 2020/21, along with a qualified audit certificate and report by the Comptroller and Auditor General.
3.	Financial management in government: strategic planning and budgeting, September 2023	This guide is for senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting.
4.	Investigation into the Homes for Ukraine scheme, October 2023	This report aims to increase transparency by taking stock of what has been achieved to date, for what cost, and what can be learned.
5.	Reducing the harm from illegal drugs, October 2023	This report examines whether the government is well positioned to achieve the strategy's 10-year ambitions.
6.	Reforming adult social care in England, 10 November 2023	This report looks at how DHSC is responding to the challenges facing adult social care in England, and its progress with delivering the reforms set out in the 2021 white paper.
7.	Resilience to flooding, 15 November 2023	NAO last reported on government's management of flood risk in November 2020. In this report, we look at the government's long-term ambition "to create a nation more resilient to future flood and coastal erosion risk" and, in the more immediate term, whether Defra and EA are delivering value for money after two years of the capital programme. To do this, we have assessed Defra's progress against the backdrop of its 2020 policy statement and EA's 2020 strategy. We also assess EA's performance in maintaining existing flood defence assets.
Public Sector Audit Appointments (PSAA)		
8.	PSAA announces the number of audit opinions completed for the 2022/23 audits (10 October 2023)	At the publishing date of 30 September 2023, only 5 out of 467 local government bodies' 2022/23 audit opinions have been given. This adds to the 456 that are outstanding from previous years.
9.	PSAA October 2023 Update, 17 October 2023	This edition of our quarterly e-bulletin includes an update on the 2022/23 audit opinion delivery, news on our consultation on 2023/24 audit scale fees and a summary of local audit news from elsewhere.

National publications

Publication / Update		Key points
Chartered Institute of Finance and Accountancy (CIPFA)		
10.	Section 114s: where are we headed next? 16 August 2023	Rob Whiteman, CIPFA CEO assesses the latest position on s114 notices (where formal action needs to be taken to balance a Council’s finances), what has been done to prevent further s114 notices, whether more will occur and what the sector should do. This originally appeared as an article in the Municipal Journal on 31 July 2023.
Department for Levelling Up, Housing and Communities (DLUHC)		
11.	Letter from the Parliamentary Under-Secretary of State for Local Government and Building Safety to the Chair of the Levelling Up, Housing and Communities Committee, UK Parliament, 14 July 2023	Lee Rowley MP’s letter to the Chair of the Levelling Up, Housing and Communities Committee, UK Parliament on Local Audit Delays – Cross-System Statement on Proposals to Clear the Backlog and Embed Timely Audits.
12.	Municipal Journal Article by a Local Government Minister on Rebuilding Audit, 30 October 2023	An article by Lee Rowley MP in Municipal Journal and the most up-to-date statement at the current time of proposals to address the backlog of local government audits.

NATIONAL PUBLICATIONS

National Audit Office

1. Condition of school buildings – June 2023

The NAO has published its report Condition of school buildings which examines whether the Department for Education (DfE) is achieving its objective to ensure the school estate in England contains the safe and well-maintained school buildings that it regards as essential for a high-quality education. The evaluative criteria for assessing value for money include whether DfE has:

- a good understanding of the condition of school buildings
- appropriate arrangements to allocate funding for school buildings in line with need
- effective ways to support the sector.

The report covers:

- the school system and DfE's overarching school building maintenance approach (Part One)
- DfE's understanding of the condition of school buildings (Part Two)
- how DfE matches funding to need (Part Three).

Conclusions:

DfE is accountable for providing those bodies responsible for school buildings with the funding and support to enable them to meet their responsibility to ensure school buildings are safe and well maintained.

Following years of underinvestment, the estate's overall condition is declining and around 700,000 pupils are learning in a school that the responsible body or DfE believes needs major rebuilding or refurbishment.

Most seriously, DfE recognises significant safety concerns across the estate, and has escalated these concerns to the government risk register.

<https://www.nao.org.uk/reports/condition-of-school-buildings/>

Since NAO published their report, safety concerns about the use of re-enforced autoclaved aerated concrete (RAAC) in public buildings, especially schools, has prompted extensive school closures and expenditure on surveys and remedial work. Although we understand that the impact on the Council's schools has been limited, the issue illustrates the impact of underinvestment in maintaining school buildings highlighted in the NAO report.

NATIONAL PUBLICATIONS

National Audit Office

2. Whole of Government Accounts 2020/21, 20 July 2023

Publication of the Whole of Government Accounts for 2020/21, along with a qualified audit certificate and report by the Comptroller and Auditor General.

The Whole of Government Accounts consolidates the accounts of central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

Whole of Government Accounts (WGA) consolidates the audited accounts of over 10,000 organisations across the UK public sector. WGA is based on International Financial Reporting Standards, the system of accounts used internationally by the private sector.

This is the twelfth year of publication of the WGA. The UK is among the most advanced countries in this regard and the WGA is a uniquely comprehensive product; as it is the only set of consolidated public sector accounts that includes both central government, local government and government owned corporations.

The WGA is independently audited by the National Audit Office providing greater confidence in the figures, and supports effective scrutiny by Parliament. This scrutiny is exercised by the Public Accounts Committee who examine the accounts each year.

In the event the Comptroller and Auditor General qualified the audit certificate and report on a number of points.

Link to further information:

<https://www.nao.org.uk/reports/whole-of-government-accounts-2020-21/>

NATIONAL PUBLICATIONS

National Audit Office

3. Financial management in government: strategic planning and budgeting – September 2023

The guide outlines how finance leaders can plan strategically and realistically to:

- Align strategy and planning;
- Make planning inclusive;
- Plan dynamically;
- Address optimism bias; and
- Deal with risk and uncertainty.

The insights have been drawn from NAO reports, the experiences of NAO audit teams, and the thoughts of a range of senior finance decision-makers.

[Financial management in government: strategic planning and budgeting - NAO insight](#)

This guide is part of a series supporting financial management in the public sector. NAO also published the following guide in July 2023:

- [Enablers to success](#)

NATIONAL PUBLICATIONS

National Audit Office

4. Investigation into the Homes for Ukraine scheme – October 2023

The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.

Any adult is able to act as a sponsor, providing they pass eligibility checks conducted by the Home Office and local authorities. Sponsors must commit to hosting for a minimum of six months and can claim thank you payments from government for providing suitable accommodation for Ukrainians to live in of £350 per month for the first 12 months, and then £500 for the next 12 months. In addition, the local authority where the sponsor is based receives a one-off payment of £10,500 per arrival (reduced to £5,900 for all arrivals after 31 December 2022) to help with support and integration needs.

The scheme is jointly run by the Department for Levelling Up, Housing & Communities (DLUHC) and the Home Office, who established a joint taskforce in March 2022. The Home Office primarily leads on operational matters relating to the processing of visas and checks on the suitability of the sponsor. DLUHC leads on all aspects of the scheme from the point of arrival of Ukrainians into the UK, working closely with local authorities and devolved governments.

Scope of the report

The first people to arrive in the UK under the scheme are now halfway through their permitted stay, and the emergency phase of the UK government's response to the Ukraine refugee crisis has come to a close. This report aims to increase transparency by taking stock of what has been achieved to date, for what cost, and what can be learned. The report sets out:

- how the scheme was set up at speed and the scheme objectives
- arrival numbers and the checks conducted on applicants and sponsors
- the funding provided
- challenges and future risks with the scheme

This investigation does not seek to examine and report on the value for money of the scheme.

<https://www.nao.org.uk/reports/investigation-into-the-homes-for-ukraine-scheme/>

NATIONAL PUBLICATIONS

National Audit Office

5. Reducing the harm from illegal drugs – October 2023

Scope of the report

It is almost two years since the government introduced its latest drugs strategy and less than 18 months remain in the current funding period to March 2025. This report examines whether the government is well positioned to achieve the strategy's 10-year ambitions. It covers:

- the development of the 2021 drugs strategy, its objectives and funding
- progress in implementing the strategy
- the approach to achieving the strategy's long-term outcomes

It is too early to conclude whether the 2021 strategy will reduce the harm from illegal drugs. It will take time for new funding and interventions to address a complex set of issues, and many of the indicators used to measure progress lag behind activity. This report therefore assesses whether departments are making the planned progress in implementing the strategy, and whether the JCDU has an effective approach to understanding the impact it is having and managing the risks to achieving the strategy's aims. It does not examine the effectiveness of interventions at the local level.

Conclusions

In 2021 the government estimated that the harm caused by illegal drugs costs society £20 billion each year. Its 2021 drugs strategy, led by the cross-government Joint Combating Drugs Unit, has provided new impetus to efforts to address these harms, and committed £900 million to 2024-25.

The strategy has established new partnerships across central and local government, and local authorities are taking steps to rebuild the workforce that was lost over the past decade. But these measures alone will not address all of the barriers to achieving a long-term reduction in drug use, deaths and related crime. The issues are complex and will require a sustained long-term response.

To inform government's response, the JCDU and relevant departments need to develop a deeper understanding of the impacts of government spending, working closely with local service providers to understand and help address the practical challenges they face. The JCDU and departments need to be realistic about what is achievable in the first three years and assess how to adapt their approach to achieve the strategy's 10-year outcomes.

In doing so, the JCDU should seek to provide confidence to local government that this is a long-term commitment. It must also urgently develop a plan to reduce the demand for illegal drugs. The current lack of emphasis on preventing illegal drug use means that departments risk only addressing the consequences, rather than the causes, of harm. The government will only achieve value for money if it builds on the initial momentum of the new strategy and develops a longer-term, funded plan that delivers a joined-up, holistic response.

<https://www.nao.org.uk/reports/reducing-the-harm-from-illegal-drugs/>

NATIONAL PUBLICATIONS

National Audit Office

6. Reforming adult social care in England, 10 November 2023

This report looks at how DHSC is responding to the challenges facing adult social care in England, and its progress with delivering the reforms set out in the 2021 white paper.

This report examined:

- key pressures and challenges in adult social care in England
- DHSC's response to increasing pressures in adult social care during 2022
- how DHSC is delivering reform and progress against its commitments

DHSC's 10-year vision for adult social care reform was broadly welcomed by the sector as a step forward. But rising inflation compounded long-standing pressures and led DHSC to reprioritise money and activity to provide local authorities and care providers with some much-needed financial stability.

The sector remains challenged by chronic workforce shortages, long waiting lists for care and fragile provider and local authority finances. Although there are some early signs of improvement in some of these, it remains to be seen whether these trends will continue and at what cost.

Two years into its 10-year plan, DHSC has delayed its charging reforms, scaled back system reform, and is behind on some aspects of its revised plan. It has a long way to go if it is to deliver its ambitions. If DHSC is to successfully reform adult social care, it will need to manage some significant risks, including its own capacity and that of local government to resume charging reform activity alongside system reform.

To maximise its chances of succeeding, DHSC will need to make sure it understands how the different strands of its reforms relate to each other, and the cumulative impact on local authorities and other stakeholders. It must be clear what the critical steps are, manage delivery against those closely and put in place governance needed to manage delivery risks effectively.

Adult social care reform has been an intractable political challenge for decades, and in 2019 DHSC raised expectations that it would be addressed. Working with the sector, DHSC now needs to demonstrate how it is delivering on these plans.

Link to further information:

<https://www.nao.org.uk/reports/reforming-adult-social-care-in-england/>

NATIONAL PUBLICATIONS

National Audit Office

7. Resilience to flooding, 15 November 2023

NAO last reported on government's management of flood risk in November 2020. In this report, we look at the government's long-term ambition "to create a nation more resilient to future flood and coastal erosion risk" and, in the more immediate term, whether Defra and EA are delivering value for money after two years of the capital programme. To do this, we have assessed Defra's progress against the backdrop of its 2020 policy statement and EA's 2020 strategy. We also assess EA's performance in maintaining existing flood defence assets.

The report covers:

- the government's long-term ambition and objectives and Defra's governance, understanding and management of flood risk
- progress on the capital programme to build new flood defences and risks to future delivery
- EA's performance in maintaining flood defence assets

To combat the growing dangers from flooding, the government has doubled its capital funding in England for the six years to 2027. To manage the larger capital programme and record levels of investment, Defra has intensified its scrutiny and is taking steps with EA to develop a more granular understanding of flood risk.

However, the capital funding is forecast to deliver protection to far fewer properties by 2027 than was promised when the capital programme was launched. Due to underspending in the first two years of the programme, EA will need to achieve record levels of investment in the remaining four years of the programme to spend the full £5.2 billion allocated to the programme. There is a risk that value for money will be further eroded if projects are accelerated or new projects are introduced too quickly to meet this level of investment.

On top of this, EA's maintenance of its assets is not optimising value for money. For the lack of £34 million in annual maintenance funding for 2022-23, more than 200,000 properties are at increased risk of flooding. At the same time, EA underspent by £310 million in the first two years of the capital programme. Neither Defra nor EA assessed whether using some of this underspend to meet the shortfall in its maintenance budget in 2022-23 would have provided better value for money than deferring it to later in the capital programme.

The government acknowledges that building new flood defences and maintaining existing ones is no longer enough and that a wider range of interventions is now needed to build resilience against increasing flood risk. Although the government's vision for flood resilience stretches to the year 2100 and EA has a number of strategic objectives for 2050, it has not set a target for the level of flood resilience it expects to achieve and has not mapped out any solid plans beyond 2026 to bridge the gap between its shorter-term actions and long-term objectives. This will make it difficult for the government to make rational and informed decisions about its priorities, measure its progress or plan effective investment for the long term.

Link to further information:

<https://www.nao.org.uk/reports/resilience-to-flooding/>

Public Sector Audit Appointments (PSAA)

8. PSAA announces the number of audit opinions completed for the 2022/23 audits (10 October 2023)

At the publishing date of 30 September 2023, only 5 out of 467 local government bodies' 2022/23 audit opinions have been given. This adds to the 456 that are outstanding from previous years.

Local government bodies are required to publish accounts with an auditor's certificate or opinion by 30 September or to explain the reasons for non-publication. At the publishing date of 30 September 2023, only 5 out of 467 local government bodies' 2022/23 audit opinions have been given. This adds to the 456 that are outstanding from previous years.

The cumulative position of 918 delayed audit opinions emphasises how important it is that there is a successful conclusion to the intensive ongoing work to find a solution to the backlog, and to ensure that it does not recur. PSAA is making every effort to support this work in collaboration with fellow members of the Local Audit Liaison Committee.

Steve Freer, PSAA's Chair said,

'The scale of the backlog of local audit opinions is becoming more and more serious. It is now very clear that an extraordinary intervention of some sort is urgently required to put the system back on track. Hopefully, current work to develop a solution can be concluded quickly, enabling details of the planned solution to be announced and implemented as soon as possible.

An important strand of any solution must be to address the root causes of so many delayed opinions so that following its implementation the delivery of timely opinions is firmly and permanently re-established.'

Link to further information:

<https://www.psa.co.uk/2023/10/psaa-announces-the-number-of-audit-opinions-completed-for-the-2022-23-audits/>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments (PSAA)

9. PSAA October 2023 Update, 17 October 2023

This edition of our quarterly e-bulletin includes an update on the 2022/23 audit opinion delivery, news on our consultation on 2023/24 audit scale fees and a summary of local audit news from elsewhere.

Content:

- 2022/23 audit opinion delivery
- Update on our consultation on the fee scale for 2023/24 audits
- Additional information for 2022/23 audits
- Contract Monitoring Data Pack: Quarter 1 for 2023/24
- Latest Annual Report and Accounts published
- Local audit news from elsewhere

Link to further information:

<https://www.psaa.co.uk/2023/10/october-2023-update/>

NATIONAL PUBLICATIONS

Chartered Institute of Finance and Accountancy (CIPFA)

10. Section 114s: where are we headed next? 16 August 2023

Rob Whiteman, CIPFA CEO assesses the latest position on s114 notices (where formal action needs to be taken to balance a Council's finances), what has been done to prevent further s114 notices, whether more will occur and what the sector should do. This originally appeared as an article in the Municipal Journal on 31 July 2023.

This is an assessment of a very topical subject given the increasing number of s114 notices in recent times.

The term 'Section 114' refers to this section of the Local Government Finance Act 1988, part (3) of which sets out the duty of the chief finance officer (CFO) to "make a report under this section if it appears to him that the expenditure of the authority incurred (including expenses it proposes to occur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure".

Issuing the notice under Section 114(3) immediately suspends all financial activity apart from that which is necessary to maintain statutory duties; it also initiates a 21-day period for full council to consider the report and agree urgent action to start to remedy the situation.

CIPFA's guidance states that the authority's external auditors and the Department for Levelling Up, Housing and Communities (DLUHC) should also be notified and 'can step in to provide advice and support'.

These cases tend to reflect situations of financial failure and / or financial collapse. All Members of authorities need to be alert to how their organisation is managing its financial risks and taking steps to avoid any form of financial distress.

The insights in this article may be of particular interest to Members.

Link to further information:

<https://www.cipfa.org/cipfa-thinks/articles/section-114s-where-are-we-headed-next>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities (DLUHC)

11. Letter from the Parliamentary Under-Secretary of State for Local Government and Building Safety to the Chair of the Levelling Up, Housing and Communities Committee, UK Parliament, 14 July 2023

Lee Rowley MP's letter to the Chair of the Levelling Up, Housing and Communities Committee, UK Parliament on Local Audit Delays – Cross-System Statement on Proposals to Clear the Backlog and Embed Timely Audits.

This paper sets out the detail of proposals to address to address audit delays and clear the backlog. It was provided by the Minister to the Chair of the Levelling Up, Housing and Communities Committee, after the Minister provided evidence to the Committee in Parliament at a meeting in June.

The paper sets out the issues in some detail. The item on the next page (page 21) provides a summary of the main issues from a recent Municipal Journal article on the subject.

This is a link to the detailed paper:

<https://committees.parliament.uk/publications/40932/documents/199432/default/>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities (DLUHC)

12. Municipal Journal Article by a Local Government Minister on Rebuilding Audit, 30 October 2023

An article by Lee Rowley MP in Municipal Journal and the most up-to-date statement at the current time of proposals to address the backlog of local government audits.

Quotes from this article include:

“The number of outstanding local audits dating back to 2015-16 is now too high, and is likely to increase further without action.

To do that, we recognise there will be hard decisions. Our proposals include setting a series of statutory deadlines for account preparers and auditors to clear the backlog. I know the setting of ‘backstop’ dates may result in some qualifications and disclaimers of opinion in the short term.

As others have noted too, clearing the backlog can’t be our sole focus. The return to timely audits must be sustained as part of an effective system underpinned by proportionate financial reporting, auditing and regulatory requirements; we cannot resolve a backlog one day only to see it starting to build again the next.

So, the second big endeavour is to ensure future local authority accounting and audit activity strikes a balance between maintaining the highest standards of financial reporting and the fundamental, day to day purpose of audit – to provide financial information and general assurance which is useful for taxpayers and others. That is why when it comes to debates on issues such as the accounting requirements for infrastructure assets, we need to consider our approach carefully. In the meantime, the Department for Levelling Up, Housing and Communities will seek to extend the legislative changes made in this area last year while the Chartered Institute of Public Finance and Accountancy (CIPFA) explores longer-term changes to reporting requirements for non-investment assets and pension valuations.”

Link to the full article:

<https://www.themj.co.uk/Rebuilding-audit/233116#>

03

Section 03:

Mazars public sector insights



Public Sector Insights

Click [here](https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights) to find and subscribe to our public and social sector articles. Or copy and paste this link: <https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights>



Recruitment crisis in the public sector

Insights from over 170 individuals across the UK public and social sector highlighted that the UK is on the cusp of a recruitment and retention crisis. Amid ongoing social and economic instability, how can we improve efforts to support our public sector workforce and effectively attract new talent?



Fiscal Pressure and inflation challenges

Over 300 individuals from across the UK public and social sector told us that the UK is at a critical juncture. Amid ongoing social and economic turmoil, decisive action is needed now to support those most in need.



Supporting vulnerable communities

Against a backdrop of political uncertainty, unprecedented strike action and the prevailing cost of living crisis – itself a consequence of the conflict in Ukraine among other factors – many of the UK's most vulnerable communities are at risk of becoming more marginalised and face more hardship.



A global public and social sector study (2023)

The public and social sector is in a time of transformation. Expectations of organisations in the sector are higher than ever while financial constraints and regulatory burdens are increasing.

To understand some of the challenges leaders in this sector face and the steps they are taking to tackle them, we surveyed more than 100 public sector executives in five countries.

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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