



Ministry of Housing,  
Communities &  
Local Government

Max Soule  
Local Government Stewardship  
Ministry of Housing, Communities and Local  
Government  
Fry Building  
2 Marsham Street  
London SW1P 4DF

All Local Authority Chief Executives in England  
By Email

Email: [local.audit@communities.gov.uk](mailto:local.audit@communities.gov.uk)

[www.gov.uk/mhclg](http://www.gov.uk/mhclg)

9 February 2021

Dear Sir/Madam

## **CONSULTATION ON AMENDMENTS TO THE ACCOUNTS AND AUDIT REGULATIONS 2015<sup>1</sup>**

Sir Tony Redmond, in his review of the effectiveness of external audit and transparency of financial reporting in local authorities<sup>2</sup>, recommended that the deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year. In the Government's 17 December response<sup>3</sup>, Ministers committed to amending the accounts publication deadline as recommended for 2 years, subject to review.

*This consultation seeks views on the implementation of the above changes as a part of the Government's response to Sir Tony Redmond's review. In particular the consultation proposes pushing back the final accounts publication date as suggested above and requiring draft accounts to be published on or before 1 August, together with a new requirement for local bodies to provide an explanation on their website if they miss the revised draft publication date.*

*A draft of the regulations attached to this consultation letter sets out how the Government proposes to implement these amendments.*

The draft includes provisions, at regulation 2 to change the publication deadline for principal authorities from 31 July to 30 September as proposed in recommendation 10 by the Redmond review, but for 2 years - 2020/21 and 2021/22. The intention is for the amended deadline to be reviewed after that period when it will be clearer as to whether the audit completion rate has improved.

The draft regulations also enable principal bodies to publish their draft accounts for inspection, linked to the later publication deadline, by removing the fixed period for public inspection, to say instead that the draft accounts must be published on or before the first working day of August. This will allow authorities and audit firms more flexibility to schedule their audits in line with the later publication deadline but, importantly, will not prevent them from being signed off earlier. This mirrors the approach taken in the Accounts and Audit (Amendment) (Coronavirus) Regulations 2020<sup>4</sup>

### **Q1. Do you have any comments about the deadlines proposed?**

We are also proposing to include a requirement at draft regulation 3 for authorities to publish a note on their website giving their reasons should they fail to meet the 1<sup>st</sup> August deadline for the period of public inspection.

---

<sup>1</sup> [https://www.legislation.gov.uk/uksi/2015/234/pdfs/ukxi\\_20150234\\_en.pdf](https://www.legislation.gov.uk/uksi/2015/234/pdfs/ukxi_20150234_en.pdf)

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/916217/Redmond\\_Review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916217/Redmond_Review.pdf)

<sup>3</sup> <https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review>

<sup>4</sup> <https://www.legislation.gov.uk/uksi/2020/404/contents/made>

**Q2. Do you have any comments about the proposal to include a requirement to publicise the reasons why, in exceptional circumstances, the draft accounts have not been published?**

**Q3. We would also welcome any more general comments on the proposals, including any comments relating to equalities impact<sup>5</sup> or any potential for unintended consequences of any of the amendments proposed.**

There are other recommendations made by the Redmond review that could potentially be implemented through amendments to the Accounts and Audit regulations. However, due to timing constraints it was felt that these important changes should take priority to enable them to be implemented as soon as possible to provide certainty to audit firms and local authority bodies as to the forthcoming audit closure deadlines.

*All responses to this consultation should be submitted to the following email address: [localaudit@communities.gov.uk](mailto:localaudit@communities.gov.uk) by close of play on **1 March 2021**.*

Yours faithfully

**Max Soule**  
**Deputy Director**  
**Local Government Stewardship**

---

<sup>5</sup> In reference to the public sector equality duty set out in section 149 of the Equality Act 2010.

---

STATUTORY INSTRUMENTS

---

**2021 No.**

**LOCAL GOVERNMENT, ENGLAND AND WALES**

**The Accounts and Audit (Amendment) Regulations 2021**

<i>Made</i> - - - -	***
<i>Laid before Parliament</i>	***
<i>Coming into force</i> - -	***

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 32(1)(d) and (e) and 43(2) of the Local Audit and Accountability Act 2014<sup>(6)</sup>.

In accordance with section 32(3) of the Local Audit and Accountability Act 2014 he has consulted the Comptroller and Auditor General, such representatives of relevant authorities as he thinks appropriate and the recognised supervisory bodies.

**Citation and commencement**

1. These Regulations may be cited as the Accounts and Audit (Amendment) Regulations 2021 and come into force on \*\*\*.

**Amendment of the Accounts and Audit Regulations 2015**

2.—(1) The Accounts and Audit Regulations 2015<sup>(7)</sup> are amended as follows.

(2) In regulation 10—

- (a) in paragraph (1), for “paragraph (4),” substitute “paragraphs (4) and (4A),”;
- (b) in paragraph (2)(b), for “paragraph (5),” substitute “paragraphs (5) and (5A),”;
- (c) after paragraph (4) insert—

“(4A) Paragraph (1) applies in relation to the publication of documents relating to the financial years beginning in 2020 and 2021 as if for “31st July” there were substituted “30th September”.”;

(d) after paragraph (5) insert—

“(5A) Paragraph (2)(b) applies in relation to the audit of accounts relating to the financial years beginning in 2020 and 2021 as if for “31st July” there were substituted “30th September”.”.

(3) In regulation 15—

- (a) in paragraph (1), for “paragraph (5),” substitute “paragraphs (5) and (6),”;

---

<sup>(6)</sup> 2014 c.2 Sections 32 and 43 applied with modifications by S.I. 2018/639, 2018/640, 2018/648, 2018/649.

<sup>(7)</sup> S.I. 2015/234; regulations 10 and 15 were amended by S.I. 2020/404 and applied with modifications by S.I. 2017/469, 2017/470, 2018/930, 2018/1128.

(b) after paragraph (1), insert—

“(1A) Where the period for the exercise of public rights has not been commenced in accordance with paragraph (1) a relevant authority must—

(a) publish (which must include publication on the authority’s website) as soon as reasonably practicable a notice stating that it has not been able to commence the period for the exercise of public rights and its reasons for this; and

(b) comply with paragraph (1) as if for “on such a day” to the end there were substituted “as soon as reasonably practicable”;

(c) after paragraph (5) insert—

“(6) Paragraph (1) applies in relation to accounts relating to the financial years beginning in 2020 and 2021 as if from “on such a day” to the end there were substituted “on or before the first working day of August of the financial year immediately following the end of the financial year to which the statement relates”.

Signed by authority of the Secretary of State for Housing, Communities and Local Government

*Name*

Minister of State

Date

Ministry of Housing, Communities and Local Government

### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

The Accounts and Audit Regulations 2015 (“the 2015 Regulations”) set out detailed requirements on a relevant authority (defined in section 2(1) of the Local Audit and Accountability Act 2014), other than a health service body, in relation to its annual audit and accounting processes.

Regulation 2 of the instrument amends regulation 10 of the 2015 Regulations. This changes the deadline for Category 1 Authorities (defined in regulation 2 of the 2015 Regulations) to publish their statement of accounts and supporting documents (together with any certificate or opinion of the local auditor) from 31st July to 30th September for accounts relating the financial years beginning in 2020 and 2021.

Regulation 2 of this instrument amends regulation 15 of the 2015 Regulations. This changes the deadline for relevant authorities to commence the period for the exercise of public rights, so that the relevant period must commence on or before the first working day of August for accounts relating to the financial years beginning in 2020 and 2021. This also requires relevant authorities to publish a notice and give reasons if they do not commence the relevant period by this date.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, public or voluntary sectors is foreseen.