Committee of Public Accounts
House of Commons, London SW1A 0AA
Tel 020 7219 5776 Email pubaccom@parliament.uk Website www.parliament.uk/pac

Jeremy Pocklington CB
Permanent Secretary
Department for Levelling Up, Housing and Communities

8 November 2021

Treasury Minute response – Timeliness of local auditor reporting on local government in England

Thank you for your response to the Committee's report on *Timeliness of local auditor reporting on local government in England* and your follow-up letter of 6 October. I look forward to receiving more detail and information once you have engaged with the new Ministers on this subject.

While you warned the timeliness of local auditor reporting for 2020-21 would be worse than for 2019-20, I was shocked to see that only 9% of audits had been completed by the September deadline. I note the PSAA's concerns that delayed audit opinions undermine the ability of local bodies to account effectively for their stewardship of public money to taxpayers and its call for the whole system to work together urgently to restore timely completion of audits before public confidence and trust are seriously damaged.

These comments echo those in the Committee's report, and I share the PSAA's concern at this further significant deterioration in timeliness. While you accepted the Committee's recommendations, you said it will take time to see the long-term effects of your proposed legislative changes and on fee variations. I am particularly disappointed by this lack of urgency and the absence of a detailed plan and timetable for getting local audit timeliness back on track.

While your response accepted all the Committee's recommendations, it lacked detail on specific actions capable of addressing the urgent issues in local audit. My specific concerns are:

- On supply of qualified auditors, you are still working on next steps following consultations to increase supply, including other routes to becoming a Key Audit Partner. This falls well short of the Committee's recommendation to accelerate training and accreditation quickly and I would urge you to move to implementation as soon as possible

- On addressing the need for strong system leadership now, I welcome your creating and chairing the Liaison Committee but there is more to do to establish the Department in the strong leadership role needed now.

- On focusing local authority accounts and audit on areas of greatest risk and concern, your response failed to provide a plan because you are still considering this and your consultation on accounting code changes will not happen until 2022. The need for greater transparency in the financial reporting of local authorities is a priority, which must be met with more concerted action.

I would be grateful if you could respond to these concerns no later than **Thursday 25 November** so we can discuss the matter further when you give evidence later this month on local government finances.

I am copying this letter to the Chair of the Housing, Communities and Local Government Committee, the Comptroller and Auditor General, and the Treasury Officer of Accounts.

Meg Hillier

DAME MEG HILLIER MP
CHAIR OF THE COMMITTEE OF PUBLIC ACCOUNTS