

Auditing the Accounts 2011/12

Summary

Overall, both principal and small bodiesⁱ improved their standard of performance on financial reporting for 2011/12. This is a notable achievement given the continuing financial constraints facing local public bodies.

Audited accounts are the principal means by which public bodies discharge their accountability for the stewardship of public money. Publishing timely audited accounts, with an unqualified audit opinion, reflects well on bodies' financial management arrangements and is a fundamental feature of good governance. The audit process also provides essential assurance to accounting officers for the relevant government departments that the funds distributed to local government bodies have been safeguarded and accounted for properly.

Bodies covered by this report were required to publish their 2011/12 accounts by 30 September 2012, with an audit opinion where issued.

- The audit opinion was issued by 30 September at 98 per cent of councils, all fire and rescue authorities, 97 per cent of police bodies, all other local government bodies, 97 per cent of parish councils and 97 per cent of internal drainage boards (IDBs). This is an improvement for all types of body compared to 2010/11.
- The Commission is concerned about Birmingham City Council, England's largest council, where the auditor has not yet been able to issue an opinion on the 2011/12 accounts. The Commission also remains concerned about four small bodies where the auditor has been unable to issue an opinion for at least the last four years.
- Overall, 426 out of 472 principal bodies published audited accounts by 30 September 2012.
- Eleven bodies received an unqualified opinion by 31 July 2012 and published their audited accounts promptly. This compares to ten bodies for 2010/11.

Responsible financial officers (RFOs) at principal bodies were required to sign and certify the accounts by 30 June 2012.

- At 99 per cent of all principal bodies the RFO signed and certified the accounts by 30 June 2012.

ⁱ Principal bodies include councils, fire and rescue authorities, police bodies and other local government bodies. Small bodies include parish councils and internal drainage boards.

Overall, most audited bodies received an unqualified audit opinion on their accounts.

- At the date of preparing this report, no principal bodies had received a qualified audit opinion on the 2011/12 accounts, which is a considerable achievement.
- The overwhelming majority of small bodies (93 per cent of parish councils and 95 per cent of IDBs) received an unqualified opinion on their 2011/12 annual return by 30 September.

Bodies significantly improved the timeliness of the information provided to inform Whole of Government Accounts (WGA).

- Auditors aimed to issue the assurance statement on the WGA return by 5 October 2012. They were able to do so at 345 councils (97 per cent), all fire and rescue authorities, 36 police bodies (95 per cent) and all other local government bodies. This is a significant improvement compared to 2010/11, where auditors at only 74 per cent of principal bodies were able to issue their assurance report by the specified submission date.

Principal bodies have put in place proper arrangements for securing value for money (VFM).

- Of the 2011/12 conclusions on bodies' arrangements to secure VFM issued by auditors at the date of preparing this report, only those for five councils, two police bodies and two other local government bodies were qualified.

Auditors exercised their public reporting powers at four principal bodies and 44 small bodies.

- Auditors issued a public interest report to one council and made statutory recommendations to three councils.
- Auditors issued public interest reports to 42 parish councils and made statutory recommendations to two parish councils.

All bodies face further financial reporting and financial management challenges in 2012/13.

- They will continue to deal with the challenges presented by a period of financial constraints.
- Councils will also need to prepare for significant changes to the administration of non-domestic rates and council tax benefits.
- Principal bodies will need to maintain the rate of improvement shown in the timeliness of WGA reporting.