



Ministry of Housing,  
Communities &  
Local Government

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To Chief Executives, Chief  
Financial Officers, Local Authority  
Leaders, and Audit Committee Chairs

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Dear Colleagues,

**UNAUDITED ACCOUNTS AND MEASURES TO TACKLE THE LOCAL AUDIT  
BACKLOG IN ENGLAND**

I am writing to your authority and a number of others regarding the Government's measures to tackle the local audit backlog in England. In particular, I am writing to set out the implications should you not be able to publish outstanding unaudited (draft) accounts for one or more financial years up-to-and-including 2022/23 by 31 October 2024.

The detail of the measures has been set out in the Ministerial [Written Ministerial Statement](#) (WMS) of 30 July 2024 and a range of associated communications, including my letter of 20 September to Chief Executives, Leaders, Section 151 Officers and the partners of local audit firms. Aspects of these proposals are uncomfortable, particularly the issuing of modified or disclaimed audit opinions where audits cannot be completed by a backstop date.

Given the scale of the backlog, however, and the absence of viable alternatives, the difficult decision was taken to proceed. Without these measures, audits would continue to be delayed, and the system will move even further away from timely assurance. All key local audit organisations support these bold measures, while recognising their exceptional nature.

The [Accounts and Audit Regulations 2015](#), as recently amended, require local bodies to publish audited accounts (specifically, their accountability statements, defined in regulation 9A(9), which includes the audit opinion) by statutory backstop dates. To help clear the backlog, the Regulations include a backstop of 13 December 2024 for financial years up-to-and-including 2022/23. Where auditors have been unable to complete audits, they will issue a disclaimed or modified audit opinion.

Auditors are likely to issue hundreds of disclaimed audit opinions and disclaimed opinions will likely continue for some bodies for a number of years.

The Regulations also include further backstop dates for financial years 2023/24 to 2027/28 to enable audit assurance to be rebuilt over several audit cycles. It is the aspiration of the Government and key local audit system partners that disclaimed opinions driven by backstop dates should, in most cases, cease after the backstop date for 2024/25 (27 February 2026). Page 4 of the Financial Reporting Council's [Accessible Guide](#) provides an example of how this may work for bodies that receive a disclaimed opinion for 2022/23.

My understanding is that, at the time of writing, your authority has yet to publish unaudited (draft) accounts (financial statements, the annual governance statement and narrative statement) and hold the 30-working day public inspection period for one or more financial years up-to-and-including 2022/23. These steps are prerequisites to publishing audited accounts by the 13 December 2024 backstop date. The audit opinion can only be issued once the inspection period has been completed. For this to happen in time, unaudited accounts for the relevant years would need to be published by 31 October (this Thursday) at the latest – publication on this date would enable the public inspection period to run between 1 November and 12 December. I also note that it should not be necessary for the audit of the previous year's accounts to be completed for Section 151 Officers to comply with their responsibilities to certify that the unaudited accounts show a true and fair view, as local bodies should have sufficient internal controls and processes for the Section 151 Officer to obtain this assurance.

If you expect that you will be unable to publish outstanding unaudited accounts for financial years up-to-and-including 2022/23 by 31 October then I would be grateful if you could contact the Department ([localaudit@communities.gov.uk](mailto:localaudit@communities.gov.uk)).

Bodies may be exempt from meeting a backstop date in limited and specific circumstances (these align with exemptions for auditors provided in the draft Code of Audit Practice 2024). The Accounts and Audit Regulations 2015 outline the following scenarios in which bodies may be exempt where the auditor has not entered their opinion by the relevant backstop date:

- where auditors are considering a material objection;
- where an objector has appealed or could still appeal the auditor's decision in relation to the objection;
- the auditor thinks that an item of account may be contrary to law and has made, or is considering making, an application to the Court on that basis;
- or from 2023/24, where the auditor is not yet satisfied with the body's Value for Money (VFM) arrangements.

Where such an exemption exists, the legislation includes a requirement to publish the audit opinion as soon as practicable. For transparency, if a body is exempt, they are required to publish an explanation of their exemption at the time of a backstop date.

Bodies that are non-exempt but fail to comply with a backstop date will be required to publish an explanation, to send a copy of this to the Secretary of State (via [localaudit@communities.gov.uk](mailto:localaudit@communities.gov.uk)) and publish audited accounts as soon as practicable. The Government intends to publish a list of bodies and auditors that do not meet the proposed backstop dates, which will make clear where unaudited (draft) accounts were not published in time. The Government also intends to keep the issue of consequences under close review and may explore further mechanisms to take appropriate action.

The second backstop, for financial year 2023/24, is 28 February 2025. If you expect any issues with publishing outstanding unaudited accounts for this year sufficiently in advance of the backstop then, following engagement with your auditor, please also contact the Department ([localaudit@communities.gov.uk](mailto:localaudit@communities.gov.uk)).

You may also wish to note that the Chartered Institute of Public Finance and Accountancy (CIPFA) will soon publish information to help preparers understand the impact of the backstop dates and how they should approach any unpublished accounts, alongside guidance for audit committees via its Better Governance Forum.

I appreciate and am thankful for all the hard work that finance teams, key audit partners and others have delivered in support of these measures. Continued and effective collaboration between auditors and bodies is vital to ensure the best possible outcomes. As set out by the Minister in his WMS, the Government's manifesto commits to overhauling the local audit system ensuring that taxpayers get better value for money. The Government will update Parliament in the Autumn on its long-term plans.



**Catherine Frances**

Director General for Local Government and Public Services