Dear Melanie,

RE: Treasury Minute response – Auditing local government

Thank you for the response to the Committee’s report on Auditing local government.

I was pleased to see that you accepted the Committee’s recommendations. I am grateful for some of the commitments made by the Department, in particular actions to reinforce to local councils their responsibilities to ensure that information reported by local auditors about their performance and management is publicly available.

However, in a number of other areas the response either did not fully address our recommendation or did not add to what we knew when we wrote our report.

I recognise that Departments have been asked to keep their Treasury Minute responses concise and to the point, but there are a number of points on which I would appreciate some further clarification.

- In relation to recommendation 1, you have stated that you are unable to commence a review of local auditor reports as they will not be available before September 2019. I would remind you that the deadline by when a local authority must publish the statement of accounts together with any certificate or opinion, the approved annual governance statement and narrative statement is 31 July 2019. Therefore, local auditor reports will be available at this date. Please could you revisit your response and provide your latest thinking on setting clear expectations of how local bodies should respond to weaknesses reported by local auditors.

- In terms of your response to recommendation 2, given that local auditor reports will be available at 31 July 2019, there is an opportunity for MHCLG to review this information and share information to help local bodies strengthen their arrangements much sooner. I was disappointed to hear that you do not intend to share information until April 2020, which I would consider very late and further adding to the delay of local councils being able to take action, which was the very nature of our concern and that reported by the NAO.

- In relation to the element of recommendation 5 concerning how the Department will get assurance in areas not covered by local audit, such as partnership working, you have stated you will consider how you might gain further assurance about risk across the wider system. However, you have not set out how you intend to do this.
Please could you provide further information to give the Committee assurance about how you are assessing this gap and how you plan to ensure you have complete assurance.

I would be grateful for a response by 27 July 2019. In addition to the Treasury Officer of Accounts, I am also copying this letter to the Comptroller and Auditor General.

MEG HILLIER MP
CHAIR OF THE COMMITTEE OF PUBLIC ACCOUNTS