

## THE POLICE AND CRIME COMMISSIONER FOR SURREY (PCC) AND THE CHIEF CONSTABLE OF SURREY (CC)

### Reasons for the issuing of a Disclaimed Audit Opinion for 2022/23 and 2023/24 Statement of Accounts

#### Audit Backlog

For many public bodies, and in particular Local Authorities, Police Forces and PCCs, there have been increasing delays experienced between the publication of draft accounts and the completion of the external audit. This meant that for many public bodies audits for several years were not being completed and hence the number of outstanding audit opinions began to rise significantly. The main driver for the delay was not that statements were not available for audit, although this was the case for a small number of bodies, but rather the auditors did not have adequate resources in place, principally trained staff, to enable them to conduct and complete all of the audits within the required timescales.

In order to address this situation the Government, following consultation with the FRC, CIPFA and other bodies, implemented a reset mechanism to try and bring back the time taken between the year end and the completion of the audit to the statutory period. IN order to clear the backlog of current audits the government set a **statutory backstop date** to clear the backlog of unaudited accounts. These were set out in The Accounts and Audit (Amendment) Regulations 2024

<https://www.legislation.gov.uk/uksi/2024/907/regulation/2/made> . These dates serve as deadlines for auditors reporting on financial statements *whether the audit has been completed or not*. The dates are as follows:

<b>Financial Year</b>	<b>Backstop Date</b>
Up to and including 2022/23	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

As auditors are required to issue an audit opinion by a particular date, whether then audit is completed or not, many bodies will receive a **modified or disclaimed audit opinions**, simply due to the process rather than because of any issues in their financial accounts. To ensure local bodies are not unfairly judged, the Government has been clear that these opinions are a by product of the process and not a reflection on the bodies concerned.

Our auditor, EY, took a decision nationally to issue disclaimed opinions on all their 2022/23 and 2023/24 Financial statements where the audit was incomplete. This was done so that they can concentrate on doing a full audit for 2024/25 for all their clients and resource it accordingly. As a result the audit opinions for the Surrey CC and PCC for 2022/23 and 2023/24 are disclaimed.

**The Government states if modified or disclaimed opinions arise due to backstop dates, local bodies should not be unfairly judged.** Auditors must explain the basis of their opinion, distinguishing between disclaimed or modified opinions caused by the backstop date and those due to other factors like weaknesses in financial reporting or

specific issues in the accounts. This explanation should be included in the statement of accounts published by the local body on its website by the relevant backstop date.

The government hopes that disclaimed opinions driven by backstop dates will mostly be limited to the next two years, up to and including the financial year 2024/25 backstop date of 27 February 2026. However due to the fact that comparative figures and brought forward balances may not have been audited qualified opinions are likely to be in place until at least 2027/28.

Further details of the audit opinion can be found in the Financial statements which are published on the OPCC and Force websites.

Further details on audit supervision can be found on the Financial Reporting Council website here: <https://www.frc.org.uk/library/supervision/local-audit/>

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