

NAO update to FRAB

November 2022

Overview

Getting back on track

The timeliness of reporting is a key pillar of Parliamentary and public accountability and transparency. This was adversely affected by the pandemic. Departments have needed to account for complex and risky expenditure and loan guarantee programmes and there have been unusual demands on the capacity of finance staff.

At the time of reporting, a number of departmental audits for 2021-22 remain ongoing.

We have adopted a phased approach to getting back to pre-pandemic timetables, prioritising the main government departments.

Our goal is by summer 2024 to complete around 80% of our audits by Parliament's summer recess, including all of the main departments.

Changes to our audit methodology

As reported to FRAB in March, we are making changes to our audit methodology in 2022-23, primarily driven by changes in auditing standards but also to provide a platform for wider developments in auditing, such as the increased use of controls assurance and digital audit approaches, such as data analytics. This will also enable us to provide greater insight to Audit Committees. Our work will be focused much more explicitly on business processes; we expect this is likely to uncover useful insights into how clients can improve their internal procedures.

Progress in getting back on track

	2020-21 (July 2021)	2021-22 (July 2022)
Pre-recess	Home Office DWP Cabinet Office HM Treasury International Trade MHCLG	Home Office DWP HM Treasury International Trade MHCLG Defence Transport HMRC FCDO
Post recess	Defence Transport BEIS HMRC FCDO Justice DCMS Education Defra Health	Cabinet Office BEIS Justice DCMS Defra Education Health

- **Four additional major Departments moved to a pre-recess timetable in 2022.**
- We completed 9 (56%) of the main departmental audits before Parliament's summer recess in 2022 (compared to 6 (38%) in 2021 and 6 (35%) in 2020).
- Across all of our audited bodies, we completed 53% of our audits before the recess (55% in 2021 and 41% in 2020).
- Timetables brought forward for remaining post-recess Departments - setting them up for return to pre-recess in 2022-23 where possible

Indicative plans for 2022-23 publications

Pre-Recess 2022-23: Accounts that are on track to allow for laying and publication ahead of the Parliamentary summer recess

Timetable to be confirmed: Accounts where the NAO and Departments are working together to target laying and publication ahead of the Parliamentary summer recess, but where issues remain to be resolved, e.g. LGPS assurances, accounting for new schemes, resolution of qualification issues – we would like all Departmental accounts to lay and publish pre-recess if possible

Planning post-recess 2022-23: Accounts where the NAO and Department are working together to allow for earlier laying and publication, but where pre-recess in this year will remain unachievable.

Home Office
DWP
Cabinet Office
HM Treasury
International Trade
DLUHC
Defence
Transport
HMRC
FCDO
Cabinet Office*

MOJ*
DCMS*
Department for Education*
BEIS*
Defra*

Health*

May 2023

June 2022

July 2023

August 2023

September 2023

October 2023

* denotes post-summer recess delivery in 2022

Key accounting and audit challenges 2022-23

Accounting for
government support
packages

Complex financial
instruments

Reliance on
assurance from
others, especially
Local Government
Pension Scheme

Non-current assets –
valuations; IFRS 16