

The 2023/24 audit of

Clackmannanshire Council

Continued late reporting of audited accounts



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
July 2026

Contents

Commission findings	3
The 2023/24 audit of Clackmannanshire Council	5
Conclusions	12

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Commission findings

The Accounts Commission has a statutory duty to secure the annual audit of all councils. It is our responsibility to highlight where we have concerns and to escalate these to Scottish Ministers when appropriate.

We welcome that the Controller of Audit has used her powers to bring forward a report on the continued late reporting of audited accounts in Clackmannanshire Council. The repeated absence of up-to-date financial information means that the council is making major decisions without certainty on its latest financial position. Our view is that this undermines financial governance, weakens decision-making, and limits effective scrutiny. It exposes officers and elected members to risks in meeting their statutory obligations and undermines public transparency and accountability.

Following consideration of the report (presented at [page 5](#)) at its meeting on 18 June, the Commission has made the following findings:

- 1** Despite repeated interventions by the Controller and the Commission during 2025 and early 2026 to obtain assurance on audit delivery, the council's 2023/24 accounts were not signed off until April 2026 – 19 months after the statutory deadline. Concerningly, the current plan for completing the 2024/25 and 2025/26 accounts points to worsening delays, without significant intervention and prioritisation. Going forward, we expect the council to demonstrate collective leadership to develop **a robust, resourced recovery plan, agreed with auditors, and submitted to the Controller by the end of July 2026.**
- 2** We note the approaches outlined by auditors to support the council in its ambitions to recover timescales and would emphasise the need to continue to work proactively with the council, as well as maintain audit team continuity. Recognising that recovery will take time, **strong partnership working is required over the next three years to ensure that meeting statutory deadlines is a priority.**

- 3** We recognise the council has explored various approaches to increasing and sustaining capacity in its finance function, including collaboration with other councils. The current team, though described by the council as stable, appears to us as fragile, lacking resilience and requiring ongoing support. **We urge the council to seek support from the local government sector and to explore, at pace, alternative ways of working that support resilience, recovery and ensure quality and accuracy are maintained.**
 - 4** We note that the Council Leader recognises the seriousness of the ongoing situation and has committed to taking action to raise awareness with all elected members – not just those on the Audit and Scrutiny Committee. To fulfil their statutory duties, councillors must be inquisitive, exercise appropriate scrutiny, and provide appropriate challenge to officers. We highlighted this as a risk in our [2024 Best Value report](#) and **expect to see evidence of significantly improved political oversight of the audit process in the next annual audit report.**
-

The 2023/24 audit of Clackmannanshire Council

Introduction

1. The Code of Audit Practice requires auditors to produce an Annual Audit Report (AAR) summarising the significant matters arising from their audit work. For local authorities, auditors address the AAR to elected members and the Controller of Audit.
2. I received the AAR and the audited annual accounts for Clackmannanshire Council for 2023/24 in April 2026. In the AAR, the auditor, has issued an unqualified opinion on the annual accounts but has identified significant matters in relation to the late reporting of the annual accounts.
3. I have therefore decided to use the reporting powers available to me under s102 (1) of the Local Government (Scotland) Act 1973 to bring these matters to the Accounts Commission's attention.

Background

Requirements

4. The statutory requirements for the reporting of unaudited and audited accounts for Scottish councils are set out in the [Local Government \(Scotland\) Act 1973](#) and [Local Authority Accounts \(Scotland\) Regulations 2014](#).
5. Councils must prepare annual accounts for each financial year ending 31 March, in line with proper accounting practices. The proper officer (section 95 officer/chief financial officer) must ensure the unaudited (draft) annual accounts are submitted for audit no later than 30 June following the year-end.
6. Councils must give public notice of the availability of the unaudited accounts and members of the public have the right to inspect the unaudited accounts and supporting documents and to lodge objections with the auditor.
7. Once the audit is complete, the audited accounts must be signed by the proper officer and the auditor's report issued. Councils have a statutory duty to aim to approve their accounts by 30 September following the year-end. Councils must publish the audited annual accounts, including

the auditor's report no later than 31 October following the financial year-end.

8. In response to the Covid pandemic, the Scottish Government introduced the Coronavirus (Scotland) Act 2020. This relaxed the deadlines for issuing unaudited and audited accounts across public bodies, including councils, for 2020/21. Flexibility and later reporting targets continued into 2021/22, with the requirements reverting to the pre-Covid dates in 2022/23.

9. Across the public sector, some slippage continued in 2022/23 and 2023/24 with many bodies not meeting the deadline due to backlogs. However, for most bodies good progress has been made, with improvements being reported in the timeliness of finalising the accounts. For two councils, including Clackmannanshire, however, delays have been increasing, with timescales for the 2023/24 audit slipping further between the required and actual dates of finalising the audits. I plan to report on the position of the other council later in 2026.

The 2020/21 to 2022/23 reporting timelines

10. The council signed its audited accounts for 2017/18 and 2018/19 before the target date of 30 September.

11. In 2019/20 and 2020/21, the council missed the revised target submission deadline of 30 November by more than two months in both years. For 2021/22, the Scottish Government brought forward the target submission date to 31 October to support a return to pre-pandemic timescales; however, 22 councils did not achieve this. Clackmannanshire Council did not sign off its accounts until almost five months after the required date.

12. In 2022/23, the statutory date of 30 September was reinstated. Twenty-six of the 32 councils did not meet this date and five of these were more than nine months late. In 2023/24, 21 councils did not sign off the accounts by the required date, but only two, including Clackmannanshire Council were over nine months late. Clackmannanshire Council was 11 months late in signing its accounts for 2022/23 and 19 months late for 2023/24. [Exhibit 1](#) sets out the timeline of reporting at Clackmannanshire Council since 2020/21 against national targets.

The 2023/24 annual audit

13. In the 2023/24 annual audit report, the auditor for Clackmannanshire Council raised that unaudited accounts have not been presented to the council on time for five years.

14. The unaudited accounts for year ending 31 March 2024 were presented for audit on 30 January 2025, seven months after the 30 June 2024 statutory deadline. The original timeline to complete the 2023/24 audit agreed between the council and the auditor was 30 January 2025, but the audit was not completed until April 2026. The auditor's report

was issued, and the audited annual accounts were published by the council on 24 April 2026.

Exhibit 1

Timeline of reporting accounts at Clackmannanshire Council from 2020/21

The council has not managed to meet statutory targets for submission of unaudited accounts or approval of audited accounts since the Covid pandemic.

Financial year	Statutory target for submission of unaudited accounts	Actual	Months late	Statutory target for audited accounts approved	Actual	Months late
2020/21 ¹	30 June 2021	31 August 2021	2	30 November 2021	3 February 2022	2
2021/22 ²	30 June 2022	5 September 2022	2	31 October 2022	23 March 2023	5
2022/23	30 June 2023	1 September 2023	2	30 September 2023	29 August 2024	11
2023/24	30 June 2024	30 January 2025	7	30 September 2024	24 April 2026	19
2024/25	30 June 2025	-	-	30 September 2025	-	-
2025/26	30 June 2026	-	-	30 September 2026	-	-

Notes:

- 2020/21 – The Coronavirus (Scotland) Act 2020 gave provision for councils to agree an extension of up to two months for submission of their unaudited accounts.
- 2021/22 – Nationally delays were worse than 2020/21 for many councils. Clackmannanshire Council met a locally agreed timescale of 31 August 2022 for submitting unaudited accounts, but these were incomplete.

Source: [2020/21 annual audit report](#), [2021/22 annual audit report](#), Audit Scotland; [2022/23 annual audit report](#), [2023/24 annual audit report](#), Deloitte LLP

Impact on delivery of the audit

15. The auditor's AAR identifies a number of factors that have affected the conduct and timely completion of the audit.

Impact of the Covid pandemic

16. In the 2023/24 annual audit report, the auditor notes that unaudited accounts have not been presented on time for five years. The initial cause of these delays was the Covid-19 pandemic, during which the council prioritised the delivery of vital services to its communities.

17. The Scottish Government extended statutory deadlines to produce accounts for all councils in recognition of the unprecedented pressures associated with the pandemic. The council repeatedly missed the extended deadlines, and the auditor also observes in the 2023/24 annual audit report that delays arising in 2020/21 and 2021/22 have had a 'knock-on impact in subsequent years'.

Access to finance team

Persistent audit findings

18. Auditors have consistently highlighted concerns about the council's finance team capacity over a number of years. These concerns related to management changes affecting capacity, followed by the impact of Covid-19, when the team was stretched responding to pandemic priorities. Recent audit reports have also pointed to persistent workload pressures, vacancies and recruitment difficulties, including reliance on individual staff members to cover significant areas of work. In the latest AAR, auditors note that these concerns were compounded by long-term absences and other competing pressures, with the team also having to manage key strategic and budget responsibilities alongside the annual accounts and audit process.

19. [Scotland's Local Government Workforce Report 2024](#), produced by SOLACE, the Improvement Service and the Society of Personnel and Development Scotland, comments on the challenges of recruitment and retention across professional roles, including financial professionals. Recruitment and retention of qualified accountants is difficult across the Scottish local government and wider public sector, with organisations competing for a limited pool of candidates. Pay scales are typically below private sector and consultancy salaries, the work is demanding, and there are high scrutiny and levels of accountability to the public.

20. The council acknowledges its ongoing capacity challenges with high absence levels, high staff turnover and difficulties recruiting permanent qualified accountants. It has taken steps to address long-term absences through its attendance procedures, and it has continued to try to address vacancies through use of temporary agency staff and specialist agencies.

21. The council reports that between 2021/22 and 2025/26 it advertised 17 times and readvertised three times for staff for its finance team. This resulted in nine posts being filled and eight unfilled. At the time of drafting this report, of the finance teams 25.5 FTE establishment, three posts are vacant – the chief accountant, a management accountant and a senior

accountancy assistant post. The chief accountant role is being covered by a temporary contractor.

22. The council began a review of the structure of the management of the finance team in 2023, and reports that it is exploring other ways to help address the capacity challenge. This includes:

- collaboration with other councils – the council is currently working with Falkirk and Stirling councils on a ‘Transformation through Collaboration’ programme which is focused on developing options to understand ‘how services could work more collaboratively and effectively together in the future’. This includes consideration of aspects of the finance service
- potential introduction of market supplements for key posts which may assist for difficult to fill roles
- use of AI to improve processes and generate efficiencies.

Quality and accuracy of management accounting papers

23. The auditor has highlighted instances where the quality and accuracy of the supporting evidence provided by the finance team did not meet the standards required, which resulted in follow-up requests. The auditor set out in the 2023/24 audit issues related to:

- a high volume of comments on the accounts during the initial review of the draft annual report and accounts, including several disclosure misstatements and instances of missing information
- the requirement for a prior period restatement (related to correcting and restating pay band information which was previously presented based on remuneration subject to National Insurance rather than gross pay in error)
- instances where the quality and accuracy of the management accounting papers did not meet the standard required as supporting evidence
- control findings in relation to management’s review of key accounting judgements.

Availability of the audit team

24. Achieving timely audit completion is a shared responsibility between auditors and audited bodies, supported by effective collaboration. Delays in providing the unaudited accounts and supporting audit material have made it challenging for the audit team to complete its work in line with agreed plans and to support the council in improving the timeliness of financial reporting. Audit teams operate tightly scheduled programmes in order to deliver planned audit work across the range of bodies to which the auditor is appointed. When the audit timeline is rescheduled on a regular

basis it is more difficult for auditors to provide continuity in staffing and availability at certain times which combine to create a lack of efficiency in the audit process.

25. Over the course of the current audit appointment, there have been three different appointment leads, along with other changes in the team. Such turnover can impact on the audit process. New auditors need to build knowledge and understanding of systems and prior issues that typically develop over time.

26. The current auditor acknowledges that turnover within the audit team during the 2023/24 audit has resulted in an increased number of requests for information being made to the council's finance team. This added to the pressures already facing the finance team and further contributed to the delays.

27. In early May 2026, the auditor held a de-brief with senior members of the audit team and council finance team to 'identify lessons learned and improve this for future years'. Follow-up sessions focused on specific topics are planned from June 2026, to align with stages of the audit.

Impact and risks

Scrutiny and decision-making

28. The audit process and the annual audit report is intended to enhance officers' and elected members' understanding of the organisation's current financial and governance position. In the 2023/24 annual audit report, the auditor states that the audit team's aim is 'to add value to the council by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the council promote improved standards of governance, better management and decision-making, and more effective use of resources'. However, the value of this work is diminished when reporting is so substantially delayed.

29. With annual accounting information and audit reporting out of date, there is a significant risk to the quality and effectiveness of scrutiny undertaken by the council, as well as to the quality of decision-making by officers and elected members.

30. A key area of concern is the lack of timely audited accounts at the time of budget-setting. The council set its 2026/27 budget in February 2026, with the most recent available set of audited accounts being from 2022/23 rather than 2024/25, which would have been the case had statutory deadlines been met. Those charged with governance must be confident that they have timely and accurate information on which to base their decisions. This risk is particularly acute given the financial challenges currently facing the local government sector.

The 2024/25 and 2025/26 audits

31. The 2025/26 audit should be commencing shortly. Unaudited accounts are due to be issued by the end of June 2026, with the audit concluded by the end of September. However, as the 2023/24 audit was not reported until April 2026 and the unaudited accounts for 2024/25 have yet to be submitted, a significant backlog in the preparation of annual accounts and completion of audits remains. The council anticipates issuing the unaudited accounts for 2024/25 in late 2026 or early in 2027. The council and auditor have not yet agreed a timetable for the 2024/25 and 2025/26 audits.

Conclusions

32. In 2020/21 and 2021/22, following the Covid pandemic, many councils had difficulty meeting the statutory deadlines for reporting their audited accounts. Almost all have since shown improvement in the timeliness of finalising the accounts, however Clackmannanshire is one of two councils where delays are increasing.

33. The continued pattern of late submission of unaudited accounts and approval of the audited accounts at Clackmannanshire Council needs to be addressed urgently by the council with support from its auditors and the wider local government sector. There is a significant risk to the council's financial governance, its ability to meet statutory obligations, transparency and the reliability of its financial information in supporting informed decision-making and budget-setting. Robust and timely information to inform decision-making has never been more important with Scottish councils facing unprecedented risks to financial sustainability.

34. It is evident that the council has made efforts to address the capacity of its finance team, but this has been challenging given difficult market conditions for recruiting finance professionals. The steps the council has taken have not yet had an impact on the council's ability to approve and publish its accounts within six months of the year end. It is welcome that the council and audit team are working together to identify lessons to learn and improvements for future years. The auditor and council now need to agree a timeline for the 2024/25 and 2025/26 accounts and annual audit.

35. I have also asked the appointed auditor to provide an update in their AAR on the 2024/25 accounts on the issues raised in this report and I will continue to monitor the audit with a view to further public reporting in the future if appropriate.

The 2023/24 audit of Clackmannanshire Council

Continued late reporting of audited accounts



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

Phone: 0131 625 1500

www.audit.scot

ISBN: 978 1 918486 17 9