

The government's accounting systems are collapsing - al...

Published: January 12, 2026, 8:35 pm

The [National Audit Office released this worrying press release](#) this morning:

FOR IMMEDIATE RELEASE

Report by the Comptroller and Auditor General

Spending watchdog disclaims government's accounts for the first time

- * The disclaimed audit opinion from the Comptroller and Auditor General (C&AG), Gareth Davies, on the Whole of Government Accounts (WGA) 2022-23 is the first ever.
- * The cause is the severe backlogs in English local authority audits, with the consequence that there is inadequate assurance over material amounts throughout the WGA.
- * The WGA is a vital tool in the management and scrutiny of public spending, as it brings together all public sector assets and liabilities. It is essential that the steps being taken by Government to restore timely and robust local authority audited accounts are effective.

As they note:

Backlogs in firms' audits of England's 426 local authorities have led to the National Audit Office (NAO) disclaiming the 2022-23 WGA for the first time.

They added:

Within his audit report, the NAO's head, Gareth Davies, said he had been "unable to obtain sufficient, appropriate evidence upon which to form an opinion".

Just over 10% (43) of England's 426 local authorities submitted reliable data to the WGA. Of the near 90% of local authorities that failed to submit reliable data, 46% (196) submitted information that hasn't been audited, and 44% (187) did not submit any data at all.

The Government is taking steps to address the backlog in audited accounts for English local authorities, including the use of fixed dates by which each year's audits must be completed. This process is unlikely to allow the disclaimer on WGA to be removed for 2023-24, but it does offer a medium-term solution to the problem.

What we have, in that case, is a situation where the UK government does, as a whole, not have the ability to explain what the public sector in the UK does.

Why has that happened? The answer is remarkably straightforward. The Audit Commission, an independent public corporation that oversaw local audits, was abolished in 2015. That was done so that local authorities might be required to appoint independent private-sector auditors to audit their accounts. The trouble is almost no firm wants that job, and the number of people considered able to do it is falling and is now well under 100. As a result, local government accounting has descended into chaos.

This is the madness of privatisation writ large for all to see - with a once well-managed system now hopelessly out of control and with accountability lost in the process.

You could not make stupidity on this scale - or the failure to react to it by past Tory administration who knew all about it - up.

The time to bring these audits back under state control has arrived, but I very much doubt Labour will do that. The N-word would be involved - and they are far too frightened to mention that even when the public good is involved.