

Audit Progress Report

Bury Metropolitan Borough Council

October 2023



1. Audit Progress
2. National Publications

01

Section 01:
Audit Progress

Audit Progress

Purpose of this report

This report provides the Audit Committee with an update on progress, since we last reported to the Committee in July 2023 in delivering our responsibilities as your external auditors. It also includes, at Section 2, a summary of recent national reports and publications for your information.

Audit progress

2021/22 financial statements audit

We presented our Audit Completion Report in March 2023. A number of items were shown as outstanding.

We are currently working with the Council's finance team to complete the remaining outstanding work. Items currently in progress are

- Agreement of the amendments required in respect of Property, Plant & Equipment
- Agreement of the amendments required in respect of pensions accounting and disclosures and
- Resolution of queries from the technical review of the financial statements
- Final file review and closure.

We will issue a follow up letter to this Committee following the completion of the outstanding work.

2021/22 VFM

We have commenced our work on the Council's value for money arrangements. Following some initial queries, we received further supporting evidence and we are currently reviewing this.

We plan to complete and report our Value for Money arrangements work alongside the remaining aspects of work on the financial statements.

Audit Progress

2022/23 audit.

The Council published its draft Accounts and annual governance statement on 31st May 2023, in line with the statutory timetable.

We will agree a detailed timetable for our work following resolution of the outstanding areas of work on 2021/22.

02

Section 02:

National Publications

National publications

	Publication/update	Key points
Publications		
1	Public Interest Report – Croydon Council	Following the publication of a public interest report in October 2020, Croydon Council commissioned local government expert Richard Penn, through the Local Government Association to compile an independent report on the issues at the council.
2	Local authority administered COVID support schemes in England	This reports evaluate government’s approach in relation to distribution of grants through local authorities, highlight failures and provide recommendation for better management of government grants.
3	NAO insight - Financial management in government: Enablers of success	The NAO has published a guide Financial management in government: Enablers of success aimed at senior finance leaders in government departments and other public bodies.
4	DLUHC webinar on local audit – 01 August 2023	The Department for Levelling Up, Housing & Communities (DLUHC) hosted a webinar looking at emerging proposals for tackling the backlog of audits in local government.
5	Public Sector Auditor Appointments Limited: Quality of Audit Services Feedback Survey	In August 2023 Public Sector Auditor Appointments Ltd (PSAA) published its fourth annual report on feedback from Finance Directors and Audit Committee Chairs of local authorities on their satisfaction with the audit services provided by local auditors. The feedback was obtained in March 2023 and relates to audit work delivered during 2022. In that year, Mazars was one of five firms delivering local audits to local authorities in England.

NATIONAL PUBLICATIONS

Public Interest Report

1. Croydon Council Public Interest Report – February 2023

Following the publication of a public interest report in October 2020, Croydon Council commissioned local government expert Richard Penn, through the Local Government Association to compile an independent report on the issues at the council. His report, completed in March 2021, but only just published in February 2023 found that the dysfunctional leadership and poor governance arrangements contributed to the authority's financial collapse.

Fairfield Hall is an arts, entertainment and conference centre situated in Croydon. Refurbishment of this building was agreed by Croydon Council and work was undertaken between June 2016 and September 2019. It was delivered late and cost substantially more than the original £30m budget agreed by cabinet. Originally a Value for Money review, this became a Report in the Public Interest by their Internal Auditors Grant Thornton which highlighted failings of financial control and governance of this project.

The report found that the 'governance gaps' at the time 'prevented scrutiny and challenge that may have allowed corrective action to have been taken.' The report found that the statutory officers and chief officers throughout the time of the refurbishment failed to fulfil their statutory duties. All have since left the council. An action plan will be put in place to address the recommendations arising from this report.

This has led the Council putting in place new measures to address the findings. The Council has overhauled and strengthened its financial, legal, decision-making and other governance processes, and through its Croydon Renewal Plan is creating a new culture of good decision-making, transparency, accountability, and value for money.

It also led the council to undertake an external independent review of its companies and company structures. Following that review, the council's intention is to wind down its development company Brick by Brick once it has completed its outstanding building work. The Fairfield Halls refurbishment contracts were taken back under direct Council control. The full report, which includes a number of lessons that other Councils can learn from, can be seen here:

<https://www.croydon.gov.uk/council-and-elections/budgets-and-spending/reports-and-reviews/report-public-interest-fairfield-halls>

NATIONAL PUBLICATIONS

Other

2. Local authority administered COVID support schemes in England

The government introduced a series of grant schemes to help businesses deal with the impacts of the COVID-19 pandemic on their businesses, including the effects of restrictions put in place to protect public health. Using funding from government, local authorities in England distributed £22.6 billion in grants to local businesses between March 2020 and March 2022. There were eight separate schemes that can be grouped into three separate 'cohorts', primarily corresponding to significant waves of COVID-19 restrictions.

HM Treasury decided the key features of each of the schemes, including the types of businesses they should cover and the level of funding available, and the Department for Business, Energy and Industrial Strategy (BEIS) was responsible for their implementation. The Department for Business and Trade (DBT) is now accountable for this funding, including the recovery of money paid out as a result of error or fraud.

The creation and delivery of these grant schemes was a partnership between local authorities and central government. Local authorities were responsible for identifying eligible businesses in their areas and paying grants to them, making 4.5 million payments over the course of the pandemic. BEIS created the detailed guidance for the schemes and oversaw their implementation by local authorities.

The full report, which includes a number of recommendations and conclusions, can be seen here:

<https://committees.parliament.uk/publications/41164/documents/202555/default/>

3. NAO insight - Financial management in government: Enablers of success

The NAO has published a guide Financial management in government: Enablers of success aimed at senior finance leaders in government departments and other public bodies. The guide sets out what good looks like for different aspects of financial management and shows why it's important and what finance leaders can do to achieve it. The guide looks at three critical areas that underpin every phase of the financial management lifecycle:

- Leadership, governance and culture – setting the right tone from the top, securing strong governance and oversight, defining clear accountabilities, and promoting a culture of openness and transparency are essential to creating an environment where the finance team can thrive
- Skills and capabilities – having the right range of professional and technical skills, prioritising flexibility and responsiveness, and working well with stakeholders enables finance teams to maximise their impact
- Data and management information – using data for decision-making, ensuring data quality and having effective management information systems can result in better outcomes for finance teams

[Financial management in government: Enablers of success - NAO insight/](#)

NATIONAL PUBLICATIONS

Other

4. DLUHC webinar on local audit – 01 August 2023

Department for Levelling Up, Housing & Communities (DLUHC) hosted a webinar yesterday looking at emerging proposals for tackling the backlog of audits in local government. The webinar was chaired by Nico Heslop (DLUHC), supported by Neil Harris (FRC), Elizabeth Parcker (DLUHC), and Siobhan Jones (DLUHC). It was attended by 425 attendees, with 125 questions submitted.

The webinar is a first step in wider engagement with the sector on the proposals set out in the cross-system statement which is available publicly. Two key elements of DLUHC's proposals were set out as:

- DLUHC and NAO working together to set 'backstop dates' for accounts and audit completions to bring a better balance between quality and timeliness; and
- Ensuring auditor's duties on VFM arrangements and wider public reporting powers remain a key feature of local public audit.

The webinar acknowledged that there may be more qualifications and possibly disclaimers, but confirmed the system's intention is that as much assurance as possible is still delivered. Auditor reports will be expected to fully explain the circumstances that gave rise to the opinion given.

DLUHC confirmed that it is looking to implement proposals as soon as possible, subject to appropriate consultation and due Parliamentary process. DLUHC is also considering whether it would be helpful to introduce ways to mitigate the impact of qualified or disclaimed opinions on the opening balances for subsequent years.

DLUHC also explained that the programme is running alongside wider work looking at financial reporting for local authorities, for example valuations of operational assets and pensions reporting.

5. Public Sector Audit Appointments Limited – Quality of Audit Services Feedback Survey

In August 2023 Public Sector Auditor Appointments Ltd (PSAA) published its fourth annual report on feedback from Finance Directors and Audit Committee Chairs of local authorities on their satisfaction with the audit services provided by local auditors. The feedback was obtained in March 2023 and relates to audit work delivered during 2022. In that year, Mazars was one of five firms delivering local audits to local authorities in England.

This feedback provides the Audit Committee with an independent view on the client service that the Mazars Public Sector Audit team provides in delivering audits under the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

The overall response rate from the Finance Directors was 47 per cent (220/467) and from Audit Committee Chairs, 30 per cent (142/467).

You can view the full PSAA report at [PSAA-Quality-of-Audit-Services-2021-22-feedback-survey.pdf](#)

Contact

Mazars

Partner: Karen Murray

Mobile: 07721 234043

Email: karen.murray@mazars.co.uk

Audit Manager: Dawn Watson

Mobile: 07580 602848

Email: dawn.watson@mazars.co.uk

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

www.mazars.com

Follow us:

LinkedIn:

www.linkedin.com/company/Mazars

Twitter:

www.twitter.com/MazarsGroup

Facebook:

www.facebook.com/MazarsGroup

Instagram:

www.instagram.com/MazarsGroup

WeChat:

ID: Mazars