



Audit Progress Report

Bury Metropolitan Borough Council

September 2024

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Purpose of this report

This report provides the Audit Committee with information about progress in delivering our responsibilities as your external auditors for the years ending three financial years ending 31 March 2022, 2023 and 2024.

Audit for the year ending 31 March 2022

Financial statements audit

The Council has recently provided us with working papers to support the impairment required to the property, plant and equipment balance following the discovery of Reinforced Autoclaved Aerated Concrete (RAAC) in the market building. Whilst this does not have a material impact, we understand Management intends to reflect the adjustment in the financial statements. We have yet to review the amendments. In addition, we have asked Management to confirm that no other impairments are required in respect of RAAC elsewhere in the Council's estate. We have yet to receive this confirmation.

In addition, a small number of issues previously reported as outstanding remain to be addressed including:

- resolution of queries arising from our technical review of the financial statements;
- responses to our queries in respect of related party disclosures; and
- final file review and closure.

Value for Money audit

Our work on the Council's value for money arrangements is in progress following receipt of some outstanding supporting documents from the council.

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

Audit progress

Audit for the years ending 31 March 2023 and 31 March 2024

Members of the Committee will be aware of the current position across the local audit regime where there a significant number of local authority audits for the years up to 31 March 2024 that have not been completed in line with the expected timetable. The “backlog” of audits has been increasing each year.

In August 2024, following consultation in April, Government published its proposals to address this backlog. These measures include both legislative changes to the Accounts and Audit Regulations 2015 (‘the Regulations’) and the introduction of several statutory deadlines (‘backstop dates’) aimed at helping to “reset” the system by clearing the backlog of local government annual accounts audits. As a result of the new Regulations, local government bodies will be required to publish their audited annual accounts by each backstop date, which are:

- Financial years up-to-and-including 31 March 2023: 13 December 2024
- Financial year ending 31 March 2024: 28 February 2025
- Financial year ending 31 March 2025 : 27 February 2026
- Financial year ending 31 March 2026: 31 January 2027.
- Financial year ending 31 March 2027: 30 November 2027.
- Financial year ending 31 March 2028: 30 November 2028.

Where the backstop dates mean the auditor cannot complete all necessary audit procedures to obtain sufficient appropriate audit evidence to support the audit opinion a modified opinion may be necessary – usually referred to as a disclaimed opinion or a qualified opinion.

Auditors will still be required to discharge their value for money (VFM) responsibilities, which requires VFM work to be completed by the date of the audit opinion.

On 9 September, the Government laid before Parliament the Accounts and Audit (Amendment) Regulations 2024 as required to enact the proposals previously announced. At the same time, the Comptroller and Auditor General (C&AG) of the National Audit Office (NAO) laid before Parliament a draft revised Code of Audit Practice (the Code) On 10 September, the NAO, on behalf of the C&AG, also published Local Audit Reset and Recovery Implementation Guidance notes (LARRIGs) 1-5 to support auditors in meeting the requirements of the Local Audit and Accountability Act 2014 (the Act). The LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

Audit progress

Audits for the years ending 31 March 2023 and 31 March 2024 (cont)

The initial focus of this guidance is on supporting the reset for incomplete audits up to and including the 2022/23 financial year and the implementation of the backstop dates for the publication of audited accounts. The NAO will issue further guidance to support the recovery phase in due course.

Whilst the guidance is primarily aimed at supporting auditors, it makes clear the requirements on local authorities to prepare good quality accounts, clear and comprehensive working papers and supported by knowledgeable finance teams.

Implications for Bury Council

We have engaged regularly with the Council's Director of Finance (Section 151 officer) over the potential impact of the backstop measures since they were announced in the early summer. Following publication of the final backstop dates we have considered the impact on our ability to deliver a complete audit of the Council's statement of accounts for the years ending 31 March 2023 and 31 March 2024 to enable the Council to published audited accounts by the new statutory deadlines.

Although we have already made a start on our audit planning procedures for the year ending 31 March 2023, we have determined that there is insufficient time to deliver the remaining audit work before the 13 December backstop date. We have also determined that there is insufficient time to complete the audit for 31 March 2024 before the backstop date in February 2025. We have communicated this decision to the Director of Finance who has acknowledged the position.

We will continue to engage with the Director of Finance and his team and will provide more details on the practicalities of meeting the backstop requirements in due course. We will also work with the Council to explain how and when we can commence rebuilding assurance.

02

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	CIPFA Bulletins	CIPFA has recently issued two Bulletins to provide further guidance on the financial reporting requirements.
National Audit Office ('NAO')		
2	NAO insight: Making public money work harder	The NAO has published an insights report focused on the elements of public spending where they see most scope for improvement in efficiency and effectiveness.
Ministry of Housing, Communities & Local Government		
3	Significant measures to tackle worsening backlog in local audit	Reforms announced to clear the significant backlog in the auditing of local bodies' accounts in England.
Other		
4	Forvis Mazars – Beyond efficiency: what's left for Local Government?	Based on survey data, the 'Beyond efficiency report' looks to understand Councils' approaches to financial sustainability and risk.

National publications

CIPFA

1. CIPFA Bulletins

Bulletins issued by CIPFA, with the assistance of CIPFA panels, provide practitioners with topical guidance on specific issues and accounting and reporting developments. CIPFA has issued the following Bulletin's in recent months:

CIPFA Bulletin 17 Closure of the 2023/24 Financial Statements

This bulletin covers the closure of accounts for the 2023/24 year and provides further guidance and clarification to complement the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses, where relevant, frequently asked questions and other issues that have arisen since the publication of the 2023/24 Code Guidance Notes.

Link: [CIPFA Bulletin 17 Closure of the 2023/24 Financial Statements](#)

CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement

CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement is intended to provided clarity to those authorities with at least one set of unaudited financial statements for prior years, and their external auditors, on the update of the annual governance statement ('AGS').

Link: [CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement](#)

National publications

NAO

2. NAO insight: Making public money work harder

In this short report, the NAO have summarised some of the key value for money issues that members in scrutiny roles may find useful to explore.

The first section looks at five of the biggest opportunities for spending public money more efficiently and effectively. These are:

- Major infrastructure projects
- Asset management
- Procurement
- Digital transformation
- Reducing fraud and error.

The second section sets out their view of the key enablers of better productivity and how to harness them. The enablers are:

- Timely, robust data
- Innovation and evaluation
- A sustainable approach to planning and spending, and
- The leadership, skills and culture to succeed.

Link: [Making public money work harder - NAO insight](#)

National publications

Ministry of Housing, Communities & Local Government

3. Addressing the local audit backlog in England: Consultation

in a statement to the House of Commons, Minister of State Jim McMahon announced measures to tackle the significant inherited backlog in the auditing of councils and other local bodies' accounts. Minister McMahon emphasised the government's determined to take the tough choices to begin rebuilding the foundations of local government.

It comes after only 1% of local bodies published audited accounts on time last year, with the backlog likely to increase to around 1,000 by the end of September. Without action, the backlog will continue to grow and continue to undermine local accountability and governance.

Secondary legislation will be laid when parliamentary time allows to set a statutory backstop of 13 December 2024 for the publication of audited accounts for all financial years up-to-and-including 2022/23. This will clear the backlog and enable a focus on recent accounts to provide the most up-to-date information.

Link: [Significant measures to tackle worsening backlog in local audit - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/significant-measures-to-tackle-worsening-backlog-in-local-audit)

National publications

Other

4. Forvis Mazars – Beyond efficiency: what's left for Local Government?

Based on survey data (from 82 local authorities), our 'Beyond efficiency report' looks to understand how local authorities are approaching financial sustainability and risk, including what measures they are implementing, and what else they could consider

Link: [Beyond efficiency for the public sector - Forvis Mazars - United Kingdom](#)

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