



Audit Strategy and Completion Report

Bury Borough Council – Year ended 31 March 2024

February 2025

Members of the Audit Committee
Bury Metropolitan Borough Council
Knowsley Street
Bury
BL9 0SW
3 February 2025

Dear Audit Committee Members,

Audit Strategy and Completion Report – Year ended 31 March 2024

We are pleased to present our Audit Strategy and Completion Report for Bury Metropolitan Borough Council for the year ended 31 March 2024. The purpose of this document is to summarise our audit and to explain how the statutory backstop arrangements introduced by the Accounts and Audit (Amendment) Regulations 2024, have affected the completion of our work and the reporting consequences. We consider two-way communication with you to be key to a successful audit and particularly important in the context of the backstop arrangements as it facilitates:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities; and
- providing you with constructive observations arising from the audit process even though this has been curtailed by the backstopped arrangements.

We would usually report the outcome of our planning work, including the significant risks identified and our planned procedures, in our Audit Strategy Memorandum. The results of our audit, including significant matters identified would usually be reported to you in our Audit Completion Report. As a result of the backstop arrangements, we have determined that the most appropriate way to communicate each of the matters required under auditing standards, in this single document, our Audit Strategy and Completion Report.

As it is a fundamental requirement that an auditor is, and is seen to be, independent of audited bodies, section 8 of this document summarises our considerations and conclusions on our independence as auditors.

We will continue to work closely with you and management to take the necessary steps to rebuild assurance over future accounting periods. We will report further details to you on the rebuilding process in the coming months. In line with the guidance issued by the National Audit Office, as endorsed by the Financial Reporting Council, we hope to return to a standard audit cycle where we are able to obtain sufficient, appropriate evidence in order to issue an unmodified audit opinion in as short a period as practicable.

I would like to express our thanks for the assistance of your team during the course of our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me on +44 (0)7721 234 043 .

Yours faithfully

Karen Murray

Forvis Mazars LLP

Contents

- 01** Our audit and the implications of the statutory backstop
- 02** Your audit team
- 03** Our audit approach
- 04** Materiality
- 05** Significant findings
- 06** Value for Money arrangements
- 07** Audit fees and other services
- 08** Confirmation of our independence

Appendices

- A** Draft management representation letter
- B** Key communication points

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

01

Our audit and the implications of the statutory backstop

Our audit and the implications of the statutory backstop

We are appointed to perform the external audit of Bury Metropolitan Borough Council (the Council) for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>.

Our audit of the financial statements

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice ('the Code'). Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ("the 2014 Act").

We are appointed to audit the financial statements in accordance with International Standards on Auditing (UK), and under normal circumstances our objectives would be to form and express an opinion on whether the financial statements present a true and fair view of the Council's financial affairs for the year and whether they have been prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting.

Government has recently introduced measures intended to resolve the local government financial reporting backlog. Amendments to the Accounts and Audit Regulations require the Council's to publish its audited 2023/24 financial statements and accompanying information on or before 28 February 2025. In accordance with the Code, we are required to provide our audit report on those financial statements in sufficient time to enable the Council to meet these responsibilities, whether the audit is completed or not.

As a result of the backstop arrangements, we have determined that there is insufficient time to complete our audit procedures so as to obtain sufficient appropriate evidence, and, in our view, the effects of the resulting lack of evidence is pervasive to the financial statements as a whole. As a result, we intend to issue a disclaimer of opinion on the Council's financial statements. A copy of our proposed audit report will follow. When an opinion is disclaimed the auditor does not express an opinion on the financial statements and, consequently, no assurance is provided on the financial statements. Further information on the procedures we have undertaken in order to issue a disclaimer of opinion in advance of the backstop date is provided in section 3.

Responsibilities in respect of fraud and internal control

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting. As part of our audit procedures in relation to fraud we are required to inquire of Those Charged with Governance and including key management and internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks.

Management is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Despite our intention to issue a disclaimer of opinion, where matters come to our attention through the course of our audit, we may be required to report these to you. Section 5 sets out any internal control recommendations we have made and any misstatements identified in the draft financial statements and how these have been addressed by management.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers under the 2014 Act. No such correspondence from electors has been received.

Value for Money arrangements

The amendments to the Accounts and Audit Regulations do not affect our responsibilities in relation to the Council's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work and our findings further in section 6 of this report.

Whole of Government Accounts

As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the Council's financial statements, we anticipate reporting to the NAO that we are unable to complete the mandatory audit procedures specified in their Group Audit Instructions. We are awaiting confirmation of when and how this should be reported to the NAO.

02

Your audit team

Your audit team



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03

Our audit approach

Our audit approach

Audit scope

Our audit is designed to comply with all professional requirements. Our audit of the financial statements has been conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. We have also had regard to the Local Audit Reset and Recovery Implementation Guidance ('LARRIG') issued by the National Audit Office and endorsed by the Financial Reporting Council in delivering our audit in the context of the backstop arrangements introduced by the 2024 amendments to the Accounts and Audit Regulations.

Our approach to the audit of the financial statements

In the absence of the backstop arrangements, our audit would be risk-based and primarily driven by the issues we consider lead to a higher risk of material misstatement of the accounts. After completing our detailed risk assessment work and developing our audit strategy, we would design and complete audit procedures in response to the risks identified.

The conditions created by the imposition of the backstop arrangements mean we have not carried out all of the work necessary to issue a detailed audit plan and to complete all the required audit procedures to provide an opinion on the financial statements. The approach we have taken to carrying out the Council's audit has been designed so that we can comply with International Standards on Auditing (UK) and issue our audit report to allow the Council to meet the backstop date of 28 February 2025 for publishing the financial statements and other relevant information.

We summarise below, the work we have undertaken to inform our audit strategy and our determination that it is necessary to issue a disclaimer of opinion on the Council's financial statements. As we have not completed all our planning procedures, including all risk assessment work, we do not include a summary of significant and enhanced risks as part of this report.

Area of the audit	Summary of our procedures
Acceptance and continuance	We have carried out all acceptance and continuance procedures including consideration of: <ul style="list-style-type: none">• The financial reporting framework adopted by the Council and the existence of any unusual or controversial accounting policies• The form, timing and expected content of our communication with Those Charged with Governance• Any actual or potential threats to our independence• The existence of any other factors that indicate we should not continue as the Council's auditor
Understanding the entity	We have carried out audit procedures to understand and document our understanding of the Council across a range of areas, including but not limited to: <ul style="list-style-type: none">• The Council's structure, including its wider group• Key accounting policies• Accounting estimates• The use of experts
Control environment assessment	We have documented our consideration of the Council's control environment. We carry out this work to inform both our work on the financial statements and as an element of our Value for Money arrangements risk assessment work.
Walkthroughs	We have completed walkthroughs in all relevant audit areas, with the exception of children's social care expenditure where, despite numerous attempts, we could not secure officer time to complete this. Note for the walkthroughs we have carried out, for a number of these we have not been provided with all of the required supporting evidence. We carry out this work to gain an understanding of the key controls in place and to ensure they are operating effectively.

Our audit approach

Area of the audit	Summary of our procedures
Fraud	We have carried out work on identifying potential fraud risks and made specific inquiries of management and Those Charged with Governance in respect of actual, potential or suspected fraud. We have not yet received a response to our inquiries. We are unable to sign the audit report until we receive these.
Materiality	We have considered the application of materiality for the audit of the Council's financial statements. Further details on the materiality thresholds determined, is included later in this section of our report.
Laws and regulations	We have obtained an understanding of the legal and regulatory framework applicable to the Council and made specific inquiries with management and Those Charged with Governance in respect of any instances of noncompliance with laws and regulations. We have not yet received responses from our inquiries.
Written representations	We have requested certain written representations from management in accordance with ISA (UK) 580. The draft management letter of representation is provided in Appendix A.
Completion, review and reporting	<p>We have undertaken sufficient review procedures to ensure our audit complies with the requirements of ISA (UK) 230. This includes specific work to document our consideration of the implications of the backstop arrangements on our audit and the reporting implications.</p> <p>We have also considered whether any matters have come to our attention that we deem should be reported to Those Charged with Governance or that may be relevant to our auditor's report. Such matters may include misstatements identified in the draft financial statements or internal control recommendations.</p> <p>As we intend to issue a disclaimer of opinion, additional quality and risk management processes have also been followed.</p>

Audit scope, approach, and timeline

Group audit approach

The Council prepares Group accounts and consolidates the following bodies:

- Six Town Housing Ltd
- Bury MBC Townside Fields Ltd
- The Persona group of companies (Persona Care and Support and Persona Group Ltd)
- Bury Bruntwood (Millgate) LLP
- The Prestwich Regeneration LLP

Forvis Mazars UK are the appointed auditor for the Council only. As such we are the appointed auditor for 99% of the Group's total expenditure. We do not plan to obtain specific assurance from the component auditors of the Council's subsidiary companies.

Entity	Classification	Auditor
Six Town Housing Ltd	Non-significant	RSM UK Audit LLP
Bury MBC Townside Fields Ltd	Non-significant	Horsfield & Smith
The Persona group of companies	Non-significant	Horsfield & Smith
Bury Bruntwood (Millgate) LLP	Non-significant	Deloitte LLP
The Prestwich Regeneration LLP	Non-significant	N/a

04

Materiality

Materiality

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Our approach to determining materiality

Although we intend to issue a disclaimer of opinion on the financial statements as a result of the backstop arrangements, we are required to determine materiality and communicate this to Those Charged with Governance.

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors. When planning our audit, we make judgements about the size of misstatements we consider to be material.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality

Our approach to determining materiality (continued)

For the group and single-entity financial statements, we consider that gross expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross expenditure for the group financial statements, and a materiality threshold of 2% of gross expenditure for the Council's single entity statements.

As set out in the tables alongside, based on the draft 2023/24 Statement of Accounts we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £11.1m (£11.0m in the prior year), and performance materiality to be in the region of £7.7m (£7.7m in the prior year).

For the single entity statements, we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £11.0m (£10.9m in the prior year), and performance materiality to be in the region of £7.7m (£7.6m in the prior year).

Group financial statements

	2023/24 £'000s	2022/23 £'000s
Overall materiality	£11,050	£10,950
Performance materiality	£7,735	£7,665
Clearly trivial	£331	£328m
Specific materiality	N/A	N/A

Council/Authority's single-entity financial statements

	2023/24 £'000s	2022/23 £'000s
Overall materiality	£11,000	£10,900
Performance materiality	£7,700	£7,630
Clearly trivial	£330	£327
Specific materiality for Senior Officers Remuneration	£5	£5

05

Significant findings

Significant findings

Background and modification of the audit opinion

As a result of the backstop arrangements, we have not been able to complete sufficient audit procedures to enable us to provide an unmodified opinion on the Council's financial statements. As we have determined that the effects, or potential effects on the financial statements of the lack of sufficient appropriate evidence are pervasive, we will be issuing a disclaimer of opinion. This means we are expressing no opinion on the financial statements.

Appendix B sets out our draft audit report which explains the basis of our disclaimer of opinion being the introduction of the backstop arrangements which require the Council to publish its audited 2023/24 financial statements by 28 February 2025.

Members will note that the draft audit report does not report on other matters that would usually appear in an unmodified audit report. These include:

- the use of the going concern assumption in the preparation of the financial statements; and
- the consistency of the other information presented with the financial statements.

Although we are disclaiming our audit opinion, auditing standards require us to report matters to you that have come to our attention during the course of our audit, which we include in this section of this report.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2023/24 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account.

We have not received any such questions.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

- Delays in the preparation of the 2021/22 financial statements and difficulties in completing the audit work required due the poor quality of the draft accounts and supporting working papers, has had a knock on impact on the 2022/23 and 2023/24 audits.
- Significant delays in the Council being able to demonstrate that its buildings are free from RAAC. We have not yet received the evidence required from the Council because building inspections are still on-going.

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Council's compliance with laws and regulations. However, we have not yet received responses from management and those charged with governance on our inquiries in relation to fraud and compliance with laws and regulations.

We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error .

Our observations on internal control

As part of our planning procedures, we obtained an understanding of Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to inform our audit strategy. Although our audit was not designed to express an opinion on the effectiveness of Council's internal controls, we are required to evaluate any deficiencies in internal control that come to our attention, even though we intend to issue a disclaimer of opinion.

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified through the audit procedures we were able to complete before the backstop date. If we had performed more extensive procedures on internal control, we might have identified more other matters to report. Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency are of sufficient importance to merit the attention of the Audit Committee.

The significant deficiencies in the Council's internal controls that we have identified as at the date of this report are in set out on the following pages.

Other observations on internal control

We also report to you, our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We have no other internal control observations to report, as at the date of this report.

Our observations on internal control

Significant deficiencies in internal control

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, or a loss of information. This may have implications for the achievement of business strategic objectives. Our recommendations should be considered for immediate action.

Description of deficiency

The Council's bank reconciliation is required to be completed within 6 weeks of the month end. During 2023/24 none of the bank reconciliations were not completed within 6 weeks.

Potential effects

Bank reconciliations are an integral part of the Council's internal control system and allow management to identify any unusual transactions caused by fraud or accounting errors. If the reconciliations are not completed in a timely manner potential issues may not be identified.

Recommendation

Management should ensure that all bank reconciliations are completed in a timely manner.

Management response

This is an improving situation and the delay between the end of the month and the completion of the reconciliation has already been reduced to six weeks. It is anticipated that the target of completion within 4 weeks should be achieved soon.

It has also been recognised that currently the situation is at risk due to a single point of failure. Interim arrangements are going to be introduced (while a review of current finance structure is being undertaken) by way of another member of the team being trained up and guidance notes being reviewed and updated.

Description of deficiency

The Council's internal control processes require all bank reconciliations to be subject to review by a second officer once completed. The bank reconciliations we have reviewed for 2023/24 do not demonstrate evidence of this review having been completed.

Potential effects

Bank reconciliations are an integral part of the Council's internal control system and allow management to identify any unusual transactions caused by fraud or accounting errors. The review of the bank reconciliation by a second officer is an important part of the process, without the second review there is a risk that potential issues may be missed.

Recommendation

Management should ensure that all bank reconciliations are subject to review by a second officer.

Management response

Interim arrangements are going to be introduced (while a review of current finance structure is being undertaken) for reconciliations to be scrutinised by the interim Strategic Finance Lead, with an e-mail approval then being sent to the Senior Reconciliations Officer confirming that the reconciliation has been signed off.

Summary of amendments to the financial statements

Amendments to the financial statements

During the course of the audit, management have made a number of amendments to the financial statements for both the Council and the Group that we have not reviewed. It is important for members to note that, given we are issuing a disclaimer of opinion, we provide no assurance over the material accuracy of the amendments that have been made to the draft financial statements.

Unadjusted misstatements

When we issue a disclaimer of opinion as a result of the backstop arrangements, auditing standards require us to consider whether we are aware of any matter that would have otherwise required a modification to our opinion. Such matters may include, for example, material misstatements that have been identified which have not been amended by management in the final financial statements. We confirm that no such matters have come to our attention.

06

Value for Money arrangements

Value for money arrangements

The framework for Value for Money arrangements work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 is the fourth audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report. The introduction of the backstop arrangements does not alter our responsibilities in relation to Value for Money arrangements work.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include: <ul style="list-style-type: none">• NAO guidance and supporting information;• information from internal and external sources including regulators;• knowledge from previous audits and other audit work undertaken in the year; and• interviews and discussions with officers and Members.
Additional risk-based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• significant weaknesses identified and our recommendations for improvement; and• emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Value for Money

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and have identified three significant weaknesses in arrangements and have made associated recommendations.

Follow up of previously-reported significant weaknesses in arrangements

As part of our 2020/21 audit work, we identified the following significant weaknesses, and made recommendations for improvement in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council's progress against the recommendations made, including whether the significant weakness is still relevant in the 2022/23 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>Ofsted Inspection: Children's Services The most recent full inspection of Children's Services by OFSTED was carried out between 25 October and 5 November 2021, the service was assessed as "Inadequate". The Council was already aware of the improvements required to the service due to an internally commissioned peer review. However, the short time between the peer review and the Ofsted inspection meant these improvements had not yet been made. The issues highlighted in the peer review carried out in June and July 2021 indicates that there were issues within Children's Services within the 2020/21 year. Following the publication of the Ofsted report, the Improvement Board, initially established following the peer review, was strengthened and is now chaired by an independent advisor appointed by the Department for Education. The Council have drafted an improvement plan for the service which will be submitted to Ofsted by 31 March 2022 in line with the Department for Education's improvement notice deadline. The Council recognises that a failure to address the weaknesses identified in the Ofsted report could adversely impact upon the safety of children. In our view this is indicative of a significant weaknesses in the council's arrangements in relation to the governance and improving economy, efficiency and effectiveness reporting criteria.</p>	<p>Governance Improving the 3Es</p>	<p>We recommend the Council puts in place robust arrangements to ensure the actions identified in its improvement plan are being delivered on time and are having the required impact on the quality of service provided to, and the safety of, children in the Borough.</p>	<p>In December 2024 OFSTED published their findings from an October 2024 follow up visit. This noted further progress had been made since the previous report. OFSTED noted an improvement in the pace of actions since the appointment of a permanent director of social care and early help in May 2024.</p> <p>Whilst the December report was generally positive, it noted that, in some instances, it was too early to see the impact of the actions put in place and said there was still evidence of weaknesses in some areas.</p>	<p>In our view, the identified weaknesses are still present in the 2023/24 financial year.</p>

Follow up of previously-reported significant weaknesses in arrangements - Continued

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>Weaknesses in Internal Control Our 2020/21 Audit Completion Report highlighted several issues including the poor quality of the draft accounts submitted for audit and the significant difficulties encountered during the audit process because of problems with underlying records. The issues identified affected significant balances within the draft accounts published by the Council, such as Property, Plant and Equipment and the Dedicated Schools Grant (DSG) deficit.</p> <p>2 Additionally, internal control weaknesses have been highlighted by both Internal Audit and the Information Commissioner's Office (ICO). Internal audit reports with limited assurance include the main accounting system, creditors, debtors and cash and bank.</p> <p>In our view, the totality of the issues identified indicate a significant weakness in relation to the governance reporting criteria.</p>	<p>Governance</p>	<p>With reference to the weaknesses in internal control identified, the Council should ensure it has arrangements in place for strengthening and maintaining the adequacy and effectiveness of the internal control framework.</p>	<p>The lessons learnt exercise completed post 2020/21 which was reported to the Audit Committee to outline how the issues identified in the 2020/21 external audit will be addressed did not materialise. The improvements needed did not occur as the interim Chief accountant who was working with the Council and who produced the lessons learnt and plan for improvement left the Council before the end of March 2022. A replacement interim Chief accountant was engaged in March 2022 but did not see out the external audit leaving before the audit had concluded.</p> <p>The permanent Chief accountant took up post on the 6th March 2023 and has made progress in reviewing timetables, providing training and establishing model working papers. However, there is more to do to ensure the Finance team has the capacity, skills and experience required to support the Council.</p> <p>Internal audit have continued to report weaknesses in internal control with a high number of limited assurance reports in 2021/22, 2022/23 and 2023/24, including in respect of the main financial systems including creditors, debtors, cash and bank and the main accounting system.</p> <p>In January 2025 The Council has proposed new governance arrangements made up of six new delivery boards reporting up to the Executive Leadership Team. One of the boards has a focus on finance and is chaired by the Section 151 Officer. However, it is too early to tell if this board will bring around the required improvements.</p>	<p>In our view, the identified weaknesses are still present in the 2023/24 financial years.</p>

Value for Money

Progress against significant weaknesses and recommendations made in the prior year - Continued

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>3 Financial Sustainability</p> <p>The Council's budgets for the 2021/22, 2022/23 and 2023/24 financial years all relied on significant use of reserves to get to a balance position. In 2022/23 the Council did not meet its budget and relied on a further use of reserves.</p> <p>In addition to the use of reserves to balance its general fund budget, the council has also accumulated a large deficit balance in relation to Dedicated Schools Grant, which stands at £18.459m as presented in the council's draft 2023/24 statements. Although the council entered into a Safety Valve agreement with the Department for Education in 2021, it is not on track to eradicate its deficit by the end of 2024/25 which was the timetable agreed with the department. An amendment has been made to the council's DSG Management Plan and agreed with the department which has a timeframe of the end of 2028/29, however the statutory override that allows the deficit to not affect the council's general fund expires on 31 March 2026.</p> <p>In summer 2023 the Council declared itself to be in a state of financial distress, and established a voluntary Finance Improvement panel to review its financial systems and pressures. Although progress has been made in understanding the sources of funding available to the council, including exploring the flexible use of capital receipts, the council still faces significant inflationary pressures as a result of having historically made the decision to outsource a large proportion of the delivery of its services. To date the Council has not fully explored income generation opportunities to support the financing and continued delivery of its services, and the current direction (issued in August 2022) covering flexible use of capital receipts ends in the 2024/25 financial year.</p> <p>The issues set out above are evidence of a significant weakness in the council's arrangements for financial sustainability and governance, specifically how the council plans finances to support the sustainable delivery of services, how the Council identifies and manages risks to financial resilience and how the council approaches and carries out its annual budget setting process.</p>	<p>Financial sustainability</p>	<p>The Council should undertake a full review of how it delivers and funds its services, including developing and implementing sustainable financial plans to ensure services can be provided within available resources. Sufficient information should be provided to Members so they can understand the position of the council and actions.</p> <p>Any planned use of capital receipts flexibilities should be fully supported and in-line with the statutory guidance and in the timeframe allowed by the current direction.</p>	<p>Since this recommendation was issued the Council has been working on a comprehensive improvement action plan to map out how the required organisational improvements will be made. The Council has proposed new governance arrangements made up of six new delivery boards reporting up to the Executive Leadership Team. One of the boards has a focus on finance and is chaired by the Section 151 Officer.</p> <p>We recognise at that time of writing this report it has only been a short period of time since the issuing of the recommendation and therefore it has not been possible to action all aspects of the recommendation and evidence progress.</p> <p>However, it is clear that the Executive Leadership Team are committed to making improvements and these are currently a work in progress.</p>	<p>In our view, the identified weaknesses are still present in the 2023/24 financial year.</p>

07

Audit fees and other services

Audit fees and other services

Fees for audit and other services

Fees for work as the Council's appointed auditor

We will agree the final 2023/24 audit fee with management once the audit has been completed.

08

Confirmation of our independence

Confirmation of our independence

We are committed to independence and confirm that we comply with the FRC's Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

Prior to the provision of any non-audit services, Karen Murray will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with Council in the first instance.

Appendices

A: Draft management representation letter

B: Key Communication points

Appendix A: Draft management representation letter

Forvis Mazars
One St Peter's Square
Manchester
M2 3DE

[Date]

Dear Karen,

Bury Metropolitan Borough Council - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Bury Metropolitan Borough Council the Council and Group for the year ended 31 March 2024. I note that you intend to intend to issue a disclaimer of opinion in respect of your audit. I understand I am still required to provide the representations set out in this letter so you can complete your audit in accordance with relevant auditing standards.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as the s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at current or fair value

I confirm that the methods, significant assumptions and the data used by the Council and Group in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Council and Group's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Council and Group has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and Group, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 6 to the financial statements fairly reflects that assessment.

Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 6 to the financial statements fairly reflects that assessment.

Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council and Group's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council and Group's financial and operating performance over the period covered by the financial statements.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

s151 officer

Appendix B: Key communication points

We value communication with the Audit Committee as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy and Completion Report; and
- Our Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate. We have taken the decision to report to you all of the matters which we would usually report in our Audit Strategy Memorandum and Audit Completion Report, within this single Audit Strategy and Completion Report given the nature of the backstop arrangements and the impact upon our audit.

Key communication points at the planning and completion stage of our audit communicated our Audit Strategy and Completion Report

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit and the effects of the backstop arrangements;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements;
- Fees for audit and other services.
- Significant deficiencies in internal control;

- Significant findings from the audit including any significant matters discussed with management and significant difficulties, if any, encountered during the audit;
- Summary of misstatements and other corrections made to the draft financial statements;
- Management representation letter; and
- Our proposed draft audit report.

Contact

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Senior Manager

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