

# Audit Progress Report Bury Council

2025

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# 01

Audit progress

# Audit progress

## Purpose of this report

This report provides the Audit Committee with information about progress in delivering our responsibilities as the external auditors for the Council.

## 2023/24 fees

Public Sector Audit Appointments Limited ('PSAA') have the duty to specify scales of fees as the appointing person, following consultation with key stakeholders. Following the backstop deadlines of 13 December 2024 and 28 February 2025, a large proportion of local authorities received a disclaimer of opinion in their audit reports, including the Council. Consultations have taken place for local authorities who received a disclaimed of opinion and now PSAA have confirmed the revised audit fees for these audits. We have disclosed the audit fee information in the following slides in this section of the report. This includes the original 2023/24 fee, the revised 2023/24 fee, and the 2024/25 fee.

## 2024/25 Financial Statements Audit

In our previous progress report, we reported that Government had issued its response to the consultation on local audit reform. Following this, we were expecting to receive further guidance in July 2025 from the National Audit Office (NAO) to support the rebuilding of assurance. We have received the guidance we require in order to make our assessment on how to rebuild assurance for Bury Council. This follows the Council's disclaimed audit reports for the three years ending 31 March 2022, 31 March 2023 (in December 2024) and 31 March 2024 (in February 2025).

We have concluded we cannot begin the work to rebuild assurance as part of our audit for the year ending 31 March 2025. This reflects two main issues. Firstly, the Council's financial statements for the year were not prepared and published in line with the statutory deadline of 30 June 2025 and were still not published at 30 September. Secondly, the Council's control environment operating across the period from 2022 to date is poor. This significantly impacts the work required to rebuild assurance and we do not consider this feasible by the end of February 2026.

We remain committed to working with the Council to rebuild assurance over the next few years.

# Audit progress

## 2024/25 Value for Money work

The Code of Audit Practice was updated in 2024 and revises the timetable for completing our work on the Council's value for money arrangements. From 2024/25 we are required to issue our draft Auditor's Annual Report by 30 November each year. This will conclude on whether there are any significant weaknesses in the Council's arrangements based on work completed to date. Should we identify any further significant weaknesses between issuing our draft Auditor's Annual Report and concluding our audit of the Council's financial statements, we are able to reissue our Auditor's Annual Report to include any additional weaknesses identified.

In December 2024 we issued a statutory recommendation to the Council reflecting the results of our work for the 2021/22 and 2022/23 financial years where we had reported on a number of significant weaknesses in the Council's arrangements for ensuring financial sustainability, governance and for improving the economy, efficiency and effectiveness of services. In particular, we drew attention to the Council's failure to:

- properly understand its financial position during 2021/22 and to continue to rely on the use of reserves to support the provision of services;
- manage risks, including with respect to the existence of RAAC in the Council's estate;
- improve internal controls so that weaknesses identified and reported to management by Internal and External audit and other regulators are addressed promptly; • prepare materially accurate financial statements; and
- secure action to improve services to children.

We recommended the Council should, as a matter of urgency, develop a single Council-wide improvement plan to reflect the transformation and culture change needed across all Council departments to deliver the range, level and quality of services that is financially sustainable. Appropriate management and member oversight was also required to ensure the improvement plan is delivering changes that are embedded into the organisation.

As part of our audit for 2024/25, we will follow up on the Council's progress in responding to our recommendation.

Alongside our statutory recommendation, we also reported significant weakness in the Council's arrangements for delivering value for money as part of the 2023/24 audit. Our 2024/25 audit planning presumes there is a risk those significant weaknesses remain. We therefore plan to undertake specific work to assess the actions the Council has taken to address the weaknesses previously reported. The following pages set out the weaknesses previously reported and the work we expect to undertake in response.



# Audit progress

## Identified risks of significant weaknesses in arrangements

	Risk of significant weakness in arrangements	Reporting criteria	Planned procedures
1	<p>Over the last few years, the Council’s budgets have relied on the significant use of reserves to get to a balanced position and a further £5.8m of reserves was included in the 2024/25 budget to ensure a balanced position. 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 in the Council’s 2023/24 statements. Although the Council entered into a Safety Valve agreement with the Department for Education in 2021, it did not eradicate its deficit by the end of 2024/25 as originally planned. An amendment was made to the Council’s DSG Management Plan and agreed with the department which now 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 2028 (following a two-year extension).</p> <p>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 and demand pressures.</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>	Financial sustainability	<p>We will review the arrangements the Council has in place for ensuring financial resilience, specifically that the medium-term financial plan takes into consideration factors such as:</p> <ul style="list-style-type: none"><li>• future funding sources and levels,</li><li>• levels and sources of other income,</li><li>• salary and general inflation, and</li><li>• demand pressures.</li></ul> <p>We will consider the sensitivity analysis undertaken by the Council given the degree of variability in the above factors.</p> <p>We will review the arrangements in place to monitor progress delivering the 2024/25 budget and related savings plans, and how the Council proposes to address the cumulative deficit over the medium term as well as reviewing the decisions and actions taken / progress made against these plans.</p> <p>We review the progress of the Council’s delivery of Project Safety Value and the revised agreement with the Department for Education.</p>

# Audit progress

## Identified risks of significant weaknesses in arrangements

	Risk of significant weakness in arrangements	Reporting criteria	Planned procedures
2	<p>Over recent years, our Audit Completion Reports have highlighted several issues including:</p> <ul style="list-style-type: none"><li>• poor quality draft accounts submitted for audit and the significant difficulties encountered during the audit process because of problems with underlying records. In addition, for 2024/25, the Council failed to publish accounts by the statutory deadline of 30 June 2025.</li><li>• significant internal control weaknesses highlighted by both Internal Audit and the Information Commissioner’s Office (ICO). The Internal Audit reports included limited assurance ratings across some of the Council’s main financial systems</li><li>• failures in risk management arrangements, including with regard to the Council’s understanding of the condition of its estate</li></ul> <p>In our view, the totality of the issues identified indicates a significant weakness in relation to the governance reporting criteria</p>	Governance	<p>We will:</p> <ul style="list-style-type: none"><li>• review the arrangements in place for ensuring preparing the 2024/25 financial statements and the action taken to address the weaknesses in financial reporting raised in previous years</li><li>• assess the adequacy of the Council’s internal audit plan for 2024/25 and review reports arising from the work undertaken to assess the robustness of the internal control framework</li><li>• consider whether the Council has taken action to implement recommendations raised in those reports</li><li>• consider any reports issued by the ICO or other regulators</li><li>• review the progress of the Council’s delivery of Project Safety Value and the revised agreement with the Department for Education.</li></ul>

# Audit progress

## Identified risks of significant weaknesses in arrangements

	Risk of significant weakness in arrangements	Reporting criteria	Planned procedures
3	<p>A full inspection of Children’s Services by OFSTED was carried out between the autumn of 2021. At the time, the service was assessed as “Inadequate”. This was consistent with the findings of an earlier peer review, commissioned by the Council.</p> <p>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 (DfE).</p> <p>OFSTED undertook a monitoring visit in November 2023. The report from this visit noted there had been a delay in implementing the changes needed following the 2021 inspection and as a result outcomes for care experienced young people remained inconsistent. Ofsted also found that progress had been hindered by a lack of management capacity at both service manager and assistant director level to implement the improvement plans, and that a performance culture was not embedded across the service.</p> <p>The failure to address the weaknesses identified in the OFSTED report could adversely impact upon the safety of children and care leavers. 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 Economy, Efficiency and Effectiveness</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• follow up on the Council’s progress in implementing the agreed improvement plans</li><li>• consider the outcome of any monitoring visits or inspections undertaken by OFSTED since November 2023</li><li>• review the changes made to the Council’s performance management framework.</li></ul>



# Audit progress

## Audit fees

Public Sector Audit Appointments Limited ('PSAA') have the duty to specify scales of fees as the appointing person, following consultation with key stakeholders. Following the backstop deadlines of 13 December 2024 and 28 February 2025, a large proportion of local authorities received a disclaimer of opinion in their audit reports, including the Council. Consultations have taken place for local authorities who received a disclaimed of opinion and now PSAA have confirmed the revised audit fees for these audits.

The following pages set out the fees for Bury Council for the audits from 2021/22 to 20223/24 together with our best estimate of the fee for 2024/25.

# Audit progress

## Fees for work for the year ended 31 March 2022

Audit 2021/22	£		£
Scale Fee	89,882		
Pensions Valuation	6,250	Value for Money – Core	12,000
Property Plant & Equipment Valuation	13,300	Value for Money – Additional Risk	5,000
Prior Period Adjustment	2,000	Statutory Reporting	10,000
Technical issues	20,500	<b>Total VFM &amp; Statutory Reporting</b>	<b>27,000</b>
Quality & Preparation	75,000		
Reduced Materiality	5,000		
Valuation of Investments	2,000		
ISA540	2,500		
Infrastructure	10,000		
Planning and Reporting Disclaimer	12,000		
<b>Total for Financial Statements</b>	<b>238,432</b>		
		<b>Total audit fee</b>	<b>265,432 *</b>

\* This fee is subject to final approval from PSAA

# Audit progress

## Fees for work for the year ended 31 March 2023

Audit 2022/23	£
Scale Fee	106,118
Actual fee	
Planning and Reporting Disclaimer	31,712
Value for Money – Core	34,735
Value for Money – Additional Risks	8,000
Total Fee	74,447

\* This fee has been approved by PSAA

# Audit progress

## Fees for work for the year ended 31 March 2024

Audit 2023/24	£
Scale Fee	321,724
Actual fee	
Planning and Reporting Disclaimer	38,539
Value for Money – Core	93,461
Value for Money – Additional Risks	30,000
Total Fee	162,000

\* This fee has been approved by PSAA

# Audit progress5

## Proposed Fees for the year ended 31 March 2025

Audit 2024/25	£
Scale Fee	348,886
Actual fee	
Planning and Reporting Disclaimer	TBC
Value for Money – Core	TBC
Value for Money – Additional Risks	30,000
Total Fee	TBC

National publications



# National publications

Publication/update		Key points
<b>Chartered Institute of Public Finance and Accountancy ('CIPFA')</b>		
1	CIPFA Bulletins	CIPFA has issued one Bulletin since we provided our last progress report. <b>For information only.</b>
2	Consultation on the 2026/27 Code of Practice on Local Authority Financial Reporting in the UK	CIPFA/LASAAC has issued its annual consultation on the 2026/27 Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Responses are requested by 12 October 2025. <b>For the Council to consider if they would like to respond.</b>
<b>National Audit Office ('NAO')</b>		
3	Ministry of Housing, Communities & Local Government Accounts 2024-25	MHCLG has published its 2024-25 accounts. A clean audit opinion has been issued, providing assurance to Parliament on the financial statements. <b>For information only.</b>
4	Whole of Government Accounts 2023-24	The C&AG has disclaimed his opinion on the WGA financial statements due to severe backlogs in English local authority accounts and audits. <b>For information only.</b>
5	NAO Report: Using data analytics to tackle fraud and error	This report examines how well placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. <b>For information only.</b>
6	Managing children's residential care	To highlight the publication of a report assessing the DfE's response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England. <b>For information only.</b>
7	Financial management in Government – Allocating Resources	This report sets out how information about costs helps organisations to identify poorly performing services and inefficiencies, prioritise resources and assess the opportunities for innovation and digital transformation.
8	Financial management in Government – Reporting for decision making	This report sets out how good financial management is the foundation for informed decisions about budgeting and resource allocation, helping ensure public services provide good value for money.
<b>Other</b>		
7	The Local Audit (Major Local Audit) (Amendment) Regulations 2025	The Statutory Instrument which amends the Local Audit Regulations 2014 has been laid in Parliament and approved, redefining the thresholds for the audit of an authority to be considered a major local audit. <b>For information only.</b>

# 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 Bulletin 20: IFRS 16 transition clarifications

The 2024/25 Code fully adopted IFRS 16 Leases. This bulletin has been written to provide additional guidance in relation to assets held by police and crime commissioners and used by chief constables. It also includes a clarification with regards to applying IFRS 16 transition arrangements to service concession arrangements.

Link: [CIPFA Bulletin 20 IFRS 16 transition clarifications](#) – 23 June 2025

### 2. Consultation on the 2026/27 Code of Practice on Local Authority Financial Reporting in the UK

CIPFA/LASAAC has issued its annual consultation on the 2026/27 Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2026/27 Code will apply to accounting periods starting on or after 1 April 2026. The changes and feedback requested in the invitation to comment (ITC) for the 2026/27 Code relate to the following:

- CIPFA LASAAC's strategic plan, including the Better Reporting Group;
- Financial reporting reforms for 2026/27;
- Changes to accounting standards for 2026/27; and
- Other financial reporting or emerging issues.

The invitation to comment (ITC) summarises the possible changes to the Code. Where CIPFA/LASAAC is interested in specific issues, consultation questions have been included in the ITC. However, CIPFA/LASAAC welcomes comments on any aspect of the draft 2026/27 Code. Responses are requested by 12 October 2025, 23:00. For more information, an hour-long CIPFA webinar on the 2026/27 Code consultation is being held in September 2025.

Link: [Consultation on 2026/27 Code of Practice on Local Authority Financial Reporting UK](#) – 14 August 2025

# National publications

## NAO

### 3. Ministry of Housing, Communities & Local Government Accounts 2024-25

The Ministry of Housing, Communities & Local Government (MHCLG) has published its 2024-25 accounts. Gareth Davies, the Comptroller and Auditor General (C&AG), has issued a clean audit opinion, providing assurance to Parliament on the financial statements.

The publication share highlights from his audit certificate. You can read the full certificate and report on the accounts in context in MHCLG's annual report and accounts.

Link: [Ministry of Housing, Communities & Local Government Accounts 2024-25 – 24 July 2025](#)

### 4. Whole of Government Accounts 2023-24

The Whole of Government Accounts consolidates the accounts of over 10,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

HM Treasury has published the Whole of Government Accounts for 2023-24. Gareth Davies, the Comptroller and Auditor General (C&AG), has disclaimed his opinion on the financial statements, providing no assurance to Parliament on the financial statements. This is due to severe backlogs in English local authority accounts and audits.

Link: [Whole of Government Accounts 2023-24 – 17 July 2025](#)

### 5. NAO Report: Using data analytics to tackle fraud and error

This report examines how well placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. We look at what government is already doing and set out the challenges. The report sets out:

- case studies of how the private sector and government are already using data analytics to tackle fraud and error; and
- lessons from these case studies, and our discussions with those involved in implementing them, about the strategic challenges.

Link: [Using data analytics to tackle fraud and error – 9 July 2025](#)

# National publications

## NAO

### 6. Managing children's residential care

In March 2024, there were 83,630 'looked-after children' in England, many of whom were vulnerable and had complex needs. Local authorities have a statutory responsibility for the care, safety and welfare of looked-after children, which can include providing a place to live.

The Department for Education (DfE) oversees the regulatory framework and national approach to children's social care. The Ministry of Housing, Communities & Local Government (MHCLG) part-funds care through grants to local authorities, with local authority revenue covering the remaining spending.

Between 2019-20 and 2023-24, the local authority costs of supporting looked-after children in residential care increased by 96% to £3.1 billion, contributing to wider local authority budgetary pressures. However, with the number of children in residential care increasing by just 10% to 16,150, other factors have contributed to cost increases.

This report assesses DfE's response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England. I

The report:

- describes the characteristics of looked-after children, and how the current residential care system works in terms of costs and outcomes
- examines the underlying reasons behind increasing residential care costs
- assesses DfE's understanding, approach and response to supporting local authorities to meet their statutory duty to house looked-after children.

Link: [Managing children's residential care - NAO report](#) - 12 September 2025

# National publications

## NAO

### 7. Financial management in Government – Allocating Resources

Information about costs helps organisations to identify poorly performing services and inefficiencies, prioritise resources and assess the opportunities for innovation and digital transformation.

This report is an initial assessment of the need for better cost information and steps government can take. This report considers:

- the limitations in government's understanding of service costs and previous attempts to improve cost information
- how government can address these limitations drawing on established techniques and good practice

The report concludes improving productivity is essential if government is to deliver on its growth agenda, address fiscal pressures and improve outcomes for the people who depend on public services. However, the lack of reliable and usable cost information about government services makes it harder to identify opportunities for improvement, drive efficiency and realise meaningful cost savings. Robust cost data can inform better decision-making, support productivity gains, and help deliver on the government's growth agenda. Public bodies should act with urgency to build a clearer, more consistent understanding of service costs

Link - [Improving government's productivity through better cost information - NAO report](#) 15 September 2025

### 8. Financial management in Government – Reporting for decision making

Strong financial management is the foundation for informed decisions about budgeting and resource allocation, helping ensure public services provide good value for money. Government organisations need real-time information to respond to unexpected events. Decision-makers need financial and non-financial information that not only looks backwards, but also forwards.

The guide focuses on four key principles:

- Understand the purpose of reporting
- Set the standard for quality data
- Modernise reporting systems and processes
- Encourage positive behaviours

For each principle, it sets out what good looks like, and key actions and practical tips finance leaders can take.

Link: [Financial management in government: reporting for decision-making - NAO insight](#) 30 September 2025

## National publications

### Other

#### **9. The Local Audit (Major Local Audit) (Amendment) Regulations 2025**

The Statutory Instrument which amends the Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014 has been laid in Parliament and approved. These Regulations provides that in “relation to a financial year beginning on or after 1st April 2025, an audit of the accounts of a relevant authority (as defined in section 2 of the Local Audit and Accountability Act 2014 (c. 2)) is a “major local audit” if the higher of the relevant authority's total income and total expenditure for that financial year exceeds £875 million”.

Link: [The Local Audit \(Major Local Audit\) \(Amendment\) Regulations 2025](#) – 17 August 2025



# Financial Reporting Council's Audit Quality Inspection and Supervision Report 2025

# Financial Reporting Council’s Audit Quality Inspection and Supervision Report 2025

## Audit quality

The Financial Reporting Council’s (FRC) [Audit Quality Inspection and Supervision Report 2025](#) on Forvis Mazars LLP was published on 15 July 2025, based on work undertaken during the 2024/25 inspection cycle, through review of a sample of our Public Interest Entities and other FRC scope audits and other wider measures of audit quality such as the firm’s systems of quality management (SoQM). The report does not cover our audit of Public Sector entities.

### Audit quality inspections

We are pleased that this year’s AQR results reflect our significant progress in delivering audit quality, showing a **90%** profile of audits inspected as good or limited improvements required. Moreover, the combined results of FRC inspections together with the firm’s internal file inspections of FRC-scope audits this cycle show **86%** as either good or limited improvements required. This is a testament to our team’s commitment to audit quality and their hard work, and the effectiveness of our long-term investment in audit quality through training, technology, leadership and a culture of continuous improvement.

We are encouraged that the FRC recognises that the firm has continued to invest in audit quality and made good progress through our Audit Quality Transformation Plan (AQTP). The FRC also noted that the firm’s communications remain clear and consistent around the importance of audit quality, and the firm’s new four-year strategy and the firm’s new senior management continue to reinforce this message.

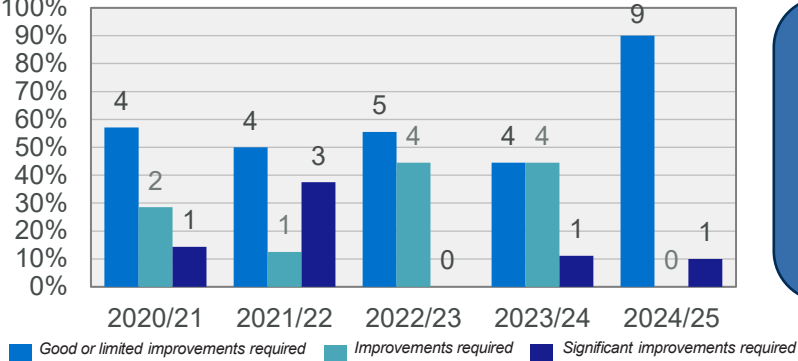
### System of quality management (SoQM)

This is the first inspection cycle when ISQM (UK) has been applicable for the whole period, as 2023/24 was a transitional cycle from the ISQC (UK) 1. We have invested considerable time and resources in developing our SoQM and in monitoring responses, and we are pleased to see the FRC recognise this commitment. We recognise that whilst significant improvements have been made in the last year, we continue to enhance and develop our approach and documentation. We are in the process of addressing the findings raised this cycle – strengthening our responses to quality risks, design assessment and monitoring activities.

### Key actions

To sustain and build on our progress, we will keep working hard and putting quality first, every time. We have strengthened our team, bringing in experienced individuals and top talent to support our success. We have taken robust actions to address the findings and root causes and apply the positive learnings. These include strengthening the firm’s policy on file archiving, reinforcing the guidance on group audits, and further improving our portfolio reviews and project management. We will sustain our efforts in ensuring that our quality plan and actions are fully embedded in our firm’s SoQM as part of ‘business as usual’ (BAU) and within the firm’s culture.

Results of inspection of individual audits at Forvis Mazars over last five years



**90%** of audits inspected by the FRC in 2024/25 were assessed as requiring no more than limited improvements

### Good practice on individual file inspections

The FRC has identified examples of good practice, including on revenue, group audits and technical insurance provisions (including the involvement of actuarial specialists). These are positive indications of the effectiveness of our actions to enhance quality which are now better embedded into our firm’s SoQM. We are sharing these good practice examples with our teams to drive consistency and enhance audit quality.

### Commitment to audit quality

Audit quality remains a strategic priority for our firm and our people. Our commitment and key strategic priority is to ensure the delivery of high-quality audits and to play our part in safeguarding the public interest, restoring trust in audit and corporate governance.

Whilst we are encouraged by the improvements, we know that audit quality is not a fixed point: sustaining the delivery of quality requires consistent focus on people, processes and technology. We remain focused on continuous improvement and on delivering audits that serve the public interest in the long term.

# Contact

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Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861. VAT number: GB 839 8356 73

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