External Audit Progress Report

Bury Metropolitan Borough Council

22nd July 2026

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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 auditor.

Background to the external audit at the Council

To provide the Audit Committee with a brief understanding of the recent history of the Council's external audit, we have set out a chronology and some further background contextual information.

The requirements for external audit in local government are enshrined in legislation – the Local Audit & Accountability Act 2014. The Act sets out the scope of external audit which is further detailed in a Code of Audit Practice, issued by the National Audit Office under the 2014 Act. The 2014 Act and the Code of Audit Practice set out the two main responsibilities for external auditors as being:

- To audit local authorities' financial statements and issue an Audit Report.
- To satisfy themselves the local authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money arrangements responsibility and the auditor's commentary on the arrangements in place is reported in their Auditor's Annual Report.

External auditors for local authorities are appointed by Public Sector Audit Appointments Ltd under the Local Audit & Accountability Act 2014. Forvis Mazars are appointed as the Council's external auditor until 2029/30.

During 2019/20 and 2020/21 a large number of external audits were delayed nationally. This impacted the ability of auditors to complete the audit for the year ending 31 March 2022 and subsequent year's audits. A significant backlog of unaudited accounts built up as a result. In 2024 legislation was enacted to put in place 'backstop dates' by when local authorities must publish their audited accounts for all years up to 31 March 2028. Where external auditors were unable to complete their audit by the backstop date for a financial year, the auditor would issue a 'Disclaimer of Opinion' providing no assurance on the financial statements. The backstop dates are:

Financial year ending	Backstop date
31 March 2023 and earlier	13 December 2024
31 March 2024	28 February 2025
31 March 20/25	27 February 2026

Financial year ending	Backstop date
31 March 2026	31 January 2027
31 March 2027	30 November 2027
31 March 2028	30 November 2028

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We issued unqualified opinions on Bury Metropolitan Borough Council's financial statements up to and including the financial year ending 31 March 2021. However, in 2020/21 we commented on the poor quality of the draft accounts submitted to us for audit and the significant difficulties we encountered during the audit process because of problems with underlying records. Due to the issues with the quality of the draft financial statements, supporting working papers and underlying records in 2020/21 and 2021/22, there were significant delays in the audit process. This led to us issuing a disclaimed audit opinion on the Council's financial statements for the financial years from 31 March 2022 to 31 March 2024.

The Council's draft financial statements for the year ending 31 March 2025 were due for publication by the statutory deadline of 30 June 2025. However, the accounts were not published on the Council's website until October 2025. The delays in the publication of the financial statements, meant that, although we had undertaken our planning and risk assessment work to start the rebuilding of assurance on the Council's financial statements, we were unable to complete all of this work as expected. Furthermore, delays to the publication of national guidance to support the rebuilding of assurance also meant there was no realistic prospect of undertaking the work arising from the planning and risk assessment As a result, we issued a disclaimer of opinion on the Council's financial statements for the year ending 31 March 2025 on 25 February 2026

Alongside our work on the financial statements, we also completed our work to assess the Council's value for money arrangements. In each of the years, we identified significant weakness in the Council's arrangements across the three specified criteria – financial sustainability, governance and improving economy, efficiency and effectiveness. As a result of these weaknesses, in December 2024, we issued a statutory recommendation to the Council reflecting the results of our work for the previous years. 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 the year ending 31 March 2025, we followed up on the actions taken by the Council in response to our December 2024 recommendation and the issues we had raised. Our Auditor's Annual Report issued in February 2026 noted the action and progress made by the Council. However, in our view, the significant weaknesses identified in the Council's value for money arrangements remained during the 2024/25 year. We will assess progress again as part of our 2025/26 audit. .

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Closure of the the audit for the year ending 31 March 2025

Whole of government accounts

The final element of our 2024/25 audit relates to the work the National Audit Office (NAO) require auditors to carry out on the Council’s Whole of Government Accounts (WGA) return. We have now received confirmation from the NAO that no further work is required on the WGA return. We issued our audit certificate on 9 July 2026.

Progress on the audit for the year ending 31 March 2026

Audit of financial statements

For the financial year ending 31 March 2026, the Council published its draft statement of accounts on the website on 30th June. This was accompanied by a notice of delay for public inspection because the Council was unable to publish the Annual Governance Statement for the year.

The primary focus of our 2025/26 audit is to establish a strategy and timetable for rebuilding assurance on the Council’s financial statements. Our intention is to undertake a detailed risk assessment and to determine the most appropriate testing methodology to rebuild assurance in respect of the disclaimed audit years. Although we expect to issue a disclaimed audit opinion on the 2025/26 financial statements, we expect to move to a ‘Qualified’ audit opinion for the following two years and potentially to an unqualified opinion for 31 March 2029. Further details are included in the table on the following page.

As our planning and risk assessment develops, we will report to the Council’s Director of Finance and Audit Committee.

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Planned rebuild of assurance

The table below sets out an illustrative example of how the type of audit opinion given could change over the coming financial years following the successful completion of our planned work to rebuild assurance. We will provide regular updates on our rebuilding progress to the Audit Committee through our Audit Progress Reports and will report the outcome of this work in our Audit Completion Report for each financial year.

Potential future opinion based on planned rebuilding programme			
Financial Year	**Opinion Type**	**Publication Deadline**	**Notes**
31 March 2026	Disclaimer	31 January 2027	The audit team would not have completed sufficient procedures to gain assurances over the transactions and balances within the financial statements.
31 March 2027	Qualified	30 November 2027	The audit team no longer needs to disclaim as it has regained assurance over the closing balance sheet. However, it qualifies all other primary statements due to a lack of assurance over the opening position which has the potential to impact the current year CIES, MIRS and Cash Flow
31 March 2028	Qualified	30 November 2028	The audit team still needs to qualify as it lacks assurance over the comparability of the prior year CIES, MIRS and Cash Flow Statement as it has not previously expressed an opinion on those primary statements
31 March 2029	Unmodified	31 July 2029	The audit team has gained assurance over the primary statements and the comparative amounts

Value for money

The framework for Value for money 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.

We undertake our VFM work in accordance with the 2024 Code of Audit Practice (the Code). Our responsibility, under the Code, is to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the **Council's** arrangements in the Auditor's Annual Report.

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 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	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: • 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 • Interviews and discussions with staff 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 which forms part of the Auditor's Annual Report. Our commentary will also highlight: • 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

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National Publications

National publications

	Publication/update	Key points	
Chartered Institute of Public Finance and Accountancy (CIPFA)			
1	Code Of Practice On Local Authority Accounting In The United Kingdom 2026/27	The 2026/27 Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2026	
2	Service Reporting Code of Practice for Local Authorities 2026/27	SeRCOP is prepared in accordance with the financial reporting framework established by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code)	
3	CIPFA Bulletin 23 – Closure of the 2025/26 financial statements	Bulletin covers the closure of accounts for 2025/26	
National Audit Office (NAO)			
4	Responding to changing demand for school places	Report focusing on the falling pupil numbers in primary schools	
Forvis Mazars			
5	Mapping public sector risk, resilience and readiness	Report examining the key challenges and opportunities facing public and social sector organisations across the UK	

National publications and technical updates

CIPFA

1. Code Of Practice On Local Authority Accounting In The United Kingdom 2026/27

Local authorities in the UK are required to keep their accounts in accordance with ‘proper (accounting) practices’. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2026/27 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2026.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies.

CIPFA Code of Practice 2026/27 | CIPFA

2. Service Reporting Code of Practice for Local Authorities 2026/27

SeRCOP is prepared in accordance with the financial reporting framework established by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). It applies to all local authority services throughout the UK from 1 April 2026 for the preparation of 2026/27 budgets and performance indicators, and the completion of government statistical reporting requirements. SeRCOP is reviewed annually to ensure that it develops in line with the needs of local government, transparency, best value and public services reform.

SeRCOP 2026/27 | CIPFA

3. CIPFA Bulletin 23 – Closure of the 2025/26 financial statement

This bulletin covers the closure of accounts for the 2025/26 year and provides further guidance and clarification to complement the 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses frequently asked questions and other issues that have arisen, along with corrections to the 2025/26 Code.

CIPFA Bulletin 23 – Closure of the 2025/26 financial statement | CIPFA

National publications

NAO

4. Responding to changing demand for school places

This report examines DfE’s approach to supporting the school system in England respond to falling pupil numbers, seen in primary schools since 2018/19. The report:

- describes responsibilities, how pupil numbers have changed and what this means for school finances and outcomes for children
- assesses whether DfE has a good understanding of the changes in pupil numbers and provision of school places
- evaluates the effectiveness of DfE’s overarching response to changes in national demand for school places, through its sector support and oversight The report shares lessons about these capabilities and the management and leadership environment that is required for government to provide better services.

Responding to changing demand for school places - NAO report

5. Mapping public sector readiness, risk and resilience

Our mapping public sector risk, resilience and readiness 2026 report examines the key challenges and opportunities facing public and social sector organisations across the UK.

Based on insights from more than 100 senior leaders, it explores how organisations are responding to financial pressures, workforce challenges and digital transformation while building resilience for the future.

This year's report focuses on four key themes:

- Financial sustainability and organisational resilience
- Workforce challenges, recruitment and skills development
- Digital transformation, AI and cyber resilience
- Outlook and sentiment across the public sector

Mapping public sector risk, resilience and readiness - Forvis Mazars

forvis mazars

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