

# External Audit Progress Report

City of Bradford Metropolitan District Council

June 2017



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# Audit progress

## Audit 2016/17

City of Bradford Metropolitan District Council

We presented our Audit Strategy Memorandum, which sets out risk assessment and the associated programme of work to address the significant risks, to the April meeting of the Governance and Audit Committee.

Based on our work to date, including walkthroughs of the key financial systems, we have no significant matters arising to report to you and there are no changes to our initial assessment of significant risks (opinion and VFM) as set out in our Audit Strategy Memorandum.

We are shortly due to start the audit of the draft financial statements which we expect to receive mid-June. This is earlier than previous years as we are working with the Council's finance team to bring forward accounts preparation and audit to prepare for the new deadlines that will apply for 2017/18. Next year the draft financial statements require certification by end of May and audit completion by the end of July.

West Yorkshire Pension Fund

We presented our Audit Strategy Memorandum at the March meeting of the Governance and Audit Committee. We have no significant matters arising to date to report to you and there are no changes to our initial assessment of significant risks or planned programme of work.

We received the draft financial statements at the start of June and have commenced our planned programme of work.

## Audit 2017/18 – audit fees

Public Sector Audit Appointments Limited (PSAA) oversees the audit contracts originally let by the Audit Commission until the completion of the 2017/18 audits for local government bodies. PSAA's responsibilities include appointing auditors, setting audit fees and monitoring the quality of auditors' work.

PSAA has concluded its consultation on its 2017/18 proposed work programme and scales of fees. There are no changes to the work programme for principal bodies for 2017/18. PSAA has set scale fees for the main audit at the same level as the fees for 2016/17.

The table below outlines our proposed fees for completion of our Code audit work for City of Bradford Metropolitan District Council.

Area of work	2017/18 proposed fee	2016/17 provisional fee
Code audit work	£185,317 plus VAT	£185,317 plus VAT
Housing Benefit Subsidy certification	£19,733 plus VAT	£19,733 plus VAT

PSAA's scale fee assumes that the Council provides us with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes.

### **Outline of work programme**

For 2017/18 we are required to meet the requirements of the National Audit Office's Code of Audit Practice and the Local Audit and Accountability Act 2014. The programme of work we are required to carry out in respect of the Code remains unchanged. From last year. Our proposed fee for Code audit work includes:

- the audit of your financial statements;
- our work to conclude on your arrangements to secure value for money in your use of resources; and
- a programme of work specified by the National Audit Office in respect of your Whole of Government Accounts submission.

In addition, we will address any legal challenge work prompted by local electors at the rate prescribed by PSAA.

### **West Yorkshire Pension Fund**

PSAA has concluded that fees for pension fund audits at local authorities will also remain unchanged from 2016/17. The proposed fee for the Code audit for 2017/18 is £48,546 plus VAT.

# National publications and other updates

National publications and other updates	
1.	Local Audit (Public Access to Documents) Act 2017
2.	Integrating health and social care, Public Accounts Committee, April 2017
3.	Planning for 100% local retention of business rates, National Audit Office, March 2017
4.	Oversight of audit quality: quarterly compliance reports 2016/17, Public Sector Audit Appointments Ltd

## 1. Local Audit (Public Access to Documents) Act 2017

The Local Audit (Public Access to Documents) Act 2017 (the Act) received royal assent on 27 April 2017. The Act extends rights of inspection under section 26 of the Local Audit and Accountability Act 2017 to include journalists and citizen journalists. The Act defines a journalist as *'any person who produces for publication journalistic material (whether paid to do so or otherwise).'*

While the Act extends rights of inspection, there are no changes in respect of auditors' additional powers and duties; the rights under the Local Audit and Accountability Act 2014 to ask the auditor questions about the accounts, and to make an objection at audit, continue to be restricted to local government electors only.

## 2. Integrating health and social care, Public Accounts Committee, April 2017

Further to a National Audit Report on the Better Care Fund and various hearings, the Public Accounts Committee published a report on integrating health and social care.

The conclusions and recommendations are summarised below:

- The Departments do not know the most effective balance of limited funding across health and social care. The Department and NHS England should assess the impact that financial pressure in social care is having on the NHS, so that it can better understand the nature of the problem and how it can be managed.
- The Departments and NHS England should reassess whether the Better Care Fund in its current form is still necessary and should identify what has worked well so this can be brought into sustainability and transformation planning.
- NHS England and the Local Government Association should encourage and support the full involvement of local government in the sustainability and transformation planning process. Working with their local authority partners, local health bodies should improve the involvement of local populations in the planning process.

- The Departments, NHS England and the Local Government Association must take responsibility for the performance of their programmes, including the Better Care Fund while it continues. We expect greater accountability and more realistic objectives, which the Departments and partners will stand by.

<https://www.publications.parliament.uk/pa/cm201617/cmselect/cmpubacc/959/95902.htm>

### **3. Planning for 100% local retention of business rates, National Audit Office (NAO), March 2017**

The NAO conclude that the Department for Communities and Local Government has made progress in designing the scheme for 100% retention of business rates by local authorities, but the scale of the remaining challenges presents clear risks both to the timely delivery of the initiative and to the achievement of its overall objectives.

By allowing local authorities to retain 100% of business rates, the Department hopes that this will incentivise them to grow their tax bases by adopting pro-development planning practices which in turn will support economic growth. However, tax base growth does not necessarily mean economic growth: new developments might lead to the relocation of existing economic activities rather than the creation of new ones, for instance. The Department needs to understand the link between business rates and economic growth to ensure that the scheme is configured to maximise economic growth rather than just growth in the tax base.

<https://www.nao.org.uk/report/planning-for-100-local-retention-of-business-rates/>

### **4. Oversight of audit quality: quarterly compliance reports 2016/17, Public Sector Audit Appointments Ltd**

The latest 2016/17 monitoring report highlights full compliance with the Regulator's standards for Mazars LLP.

<http://www.psaa.co.uk/audit-quality/principal-audits/mazars-audit-quality/>

# Contact details

Please let us know if you would like further information on any items in this report.

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