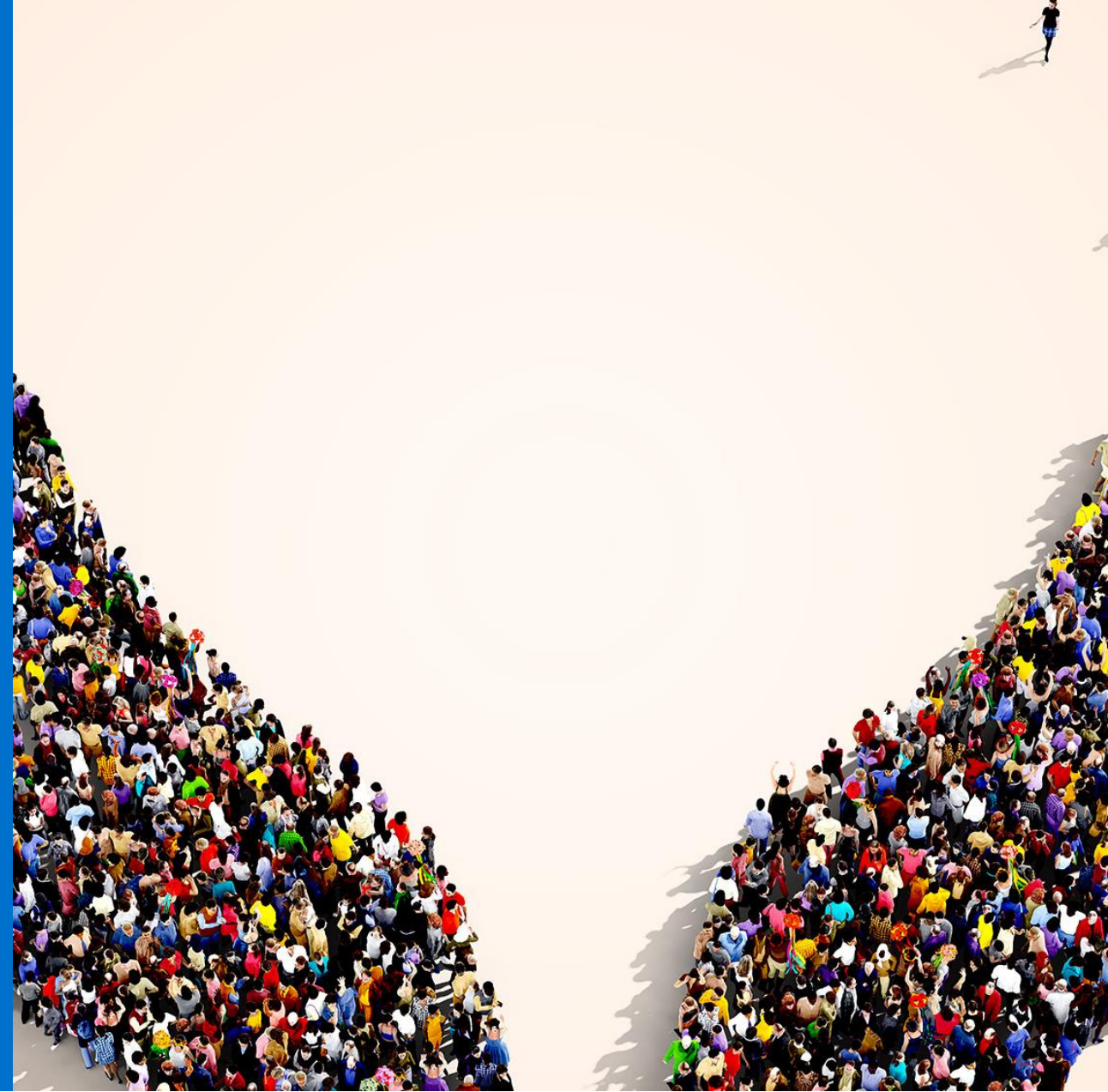


Audit Progress Report

City of Bradford Metropolitan District Council

March 2021



1. Audit Progress
2. National Publications

01

Section 01:
Audit Progress

Audit Progress

This report sets out progress on the external audit of the Council's accounts and provides an update on our certification work.

2019-20 audit

We are currently working with the Council to finalise our report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission. Upon satisfactory completion of this work, we will issue our 2019-20 audit certificate.

2020-21 accounts audit

In the period since our last report to Governance and Audit and Accounts Committee in March 2021, we have:

- held liaison meetings with management;
- completed our planning and drafted our Audit Strategy Memorandum to be presented at today's committee; and
- started early testing preparation for our final accounts visit in July.

Certification of claims and returns

The Council is required by the DWP to arrange independent certification of the Housing Benefit Subsidy Claim. The Council has engaged Mazars to undertake such work.

Our certification work since the last progress report includes:

2019/20 Housing Benefit agreed upon procedures

Our work is now close to completion. The deadline was set by DWP as 31 January 2021, however authorities were able to apply for an extension where required. The Council did this and we plan to issue our report in April 2021 as agreed with the DWP.

We plan to report our findings of this work to the next Governance and Audit Committee.

02

Section 02:

National Publications

National Publications

	Publication/update	Date published	Key points	Page
National Audit Office				
1	Auditor Guidance Note 03	October 2020	Sets out the framework for auditors work on value for money arrangements (effective for 2020/21 audits)	7
2	Local auditor reporting application	December 2020	Data on local auditor reporting presented through an interactive map	7
CIPFA				
3	A Guide to Local Authority and Public Sector Asset Management	November 2020	Asset management guidance	7
MHCLG				
4	Local Authority Financial Reporting and external audit: independent review	September 2020	The Redmond report	8
5	Local Authority financial reporting and external audit: government response to the Redmond review	December 2020	MHCLG's response to Sir Tony Redmond's independent review	9
PSAA				
6	Quarterly Quality Monitoring Report for the financial year 2021-22: Q2	September 2020	PSAA Audit Quality report	10

NATIONAL PUBLICATIONS

National Audit Office

1. Auditor Guidance Note (AGN) 03, October 2020

The updated AGN03 sets out the approach to value for money for local auditors with effect from 2020/21 audits.

We will provide more details on our value for money work in our Audit Strategy Memorandum for 2020/21.

2. Local auditor reporting application, December 2020

'*The local auditor reporting application*' presents the opinions of local auditors on local public bodies' financial statements and conclusions on whether they have proper arrangements in place to secure value for money. The data is presented through an interactive map which allows users to explore auditor reporting for nine different types of local body and two different audit years. The interactive map also contains pop-ups to enable users to access further information about the body, such as the local auditor's report or annual audit letter.

<https://www.nao.org.uk/other/local-auditor-reporting-application/>

CIPFA

3. A Guide to Local Authority and Public Sector Asset Management, November 2020

This step by step guide to asset management in the public sector has been produced by CIPFA Property. It takes the reader on the asset management journey, from the development of strategic asset management policies and strategies designed to deliver corporate objectives through to the development, implementation, challenge and review of asset management practices and portfolios.

<https://www.cipfa.org/policy-and-guidance/publications/a/asset-management-in-the-public-sector-a-practitioners-guide>

NATIONAL PUBLICATIONS

MHCLG

4. Local Authority Financial Reporting and external audit: independent review, September 2020

This independent review, led by Sir Tony Redmond at the invitation of the Ministry of Housing, Communities and Local Government, considered the effectiveness of external audit and transparency of financial reporting in local authorities. The Redmond Report concluded that audit fees were at least 25% lower than is required to fulfil current local audit requirements effectively. Audit fees in the local authority sector have fallen significantly over the last five years, whereas audit fees in other sectors have significantly risen although audit suppliers have sought to bridge the gap with increasing fee variations, which averaged eight per cent in 2018/19. The report also suggests local authority accounts are currently too complex to make audit completion by 31 July feasible.

Redmond makes a number of recommendations in relation to:

- external audit regulation
- smaller authorities audit regulation
- financial resilience of local authorities
- transparency of financial reporting

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

NATIONAL PUBLICATIONS

MHCLG

5. MHCLG's response to Sir Tony Redmond's independent review, December 2020

MHCLG has published its response to Sir Tony Redmond's Independent review into the oversight of local audit and the transparency of local authority financial reporting. The Redmond Review made 23 recommendations relating to the quality, timeliness and sustainability of local audit, and the transparency of local authority accounts. The department has grouped its response into 5 themes, which are summarised in Annex A to the response.

Amongst the responses MHCLG confirmed that they intend to amend existing regulations to extend the deadline for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years). At the end of this period they will review whether there is a continued need to have an extended deadline.

They also confirmed that they did not intend to create an Office of Local Audit and Regulation (OLAR) stating in their response that they “*do not wish to re-create the costly, bureaucratic and over-centralised Audit Commission*”. They added that they “*will commit to explore the full range of options as to how best to deliver Sir Tony's finding that a 'system leader' is required. This will include close consideration of whether existing bodies could take on this function.*”

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review/local-authority-financial-reporting-and-external-audit-government-response-to-the-independent-review>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments Limited

6. Quarterly Quality Monitoring Report for the financial year 2020-21: Q3, December 2020

The report indicates that in 2018/19 43% of local authority audits were not delivered by the 31 July 2019 deadline and five per cent remained outstanding at 31 December 2020. Mazars were the top performer in terms of audit delivery with 20% of opinions late and two per cent still outstanding.

The report also notes that 56% of 2019/20 local authority audits were not delivered by the 30 November 2020 deadline and 42% remained outstanding at 31 December 2020. Therefore, the percentage of 2019/20 local authority audits outstanding past the statutory deadline increased in 2019/20 compared to 2018/19. As at the 30 November 2020 Mazars had 56% of audits outstanding, Mazars were the second best performer in terms of 2019/20 audit delivery by the deadline. As of 31 December Mazars have 31% still outstanding which is the lowest percentage of all firms.

Mazars were found to be fully compliant with the terms of appointment.

<https://www.psa.co.uk/managing-audit-quality/audit-quality-monitoring-reports-from-2018-19/quarterly-reports/>

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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