

External audit progress report

City of Bradford Metropolitan District
Council

Governance and Audit Committee
January 2023



1. Audit progress
2. National publications

01

Section 01:

Audit progress

Audit progress

Purpose of this report

This report provides the Committee's January 2023 meeting with:

- an update on progress in delivering the 2021/22 audit; and
- a summary of recent relevant reports and publications for your information (Section 2).

Audit progress

2021/22 audit

Our work on the financial statements is substantially complete. We intend to bring our 2021/22 Audit Completion Report to the Governance and Audit Committee upon completion of outstanding matters in March 2023. The matters outstanding are shown in the following table and include:

- Valuation of land and buildings.

We have set out, in the following table, a summary of progress to date, to give an overview of:

- whether key areas of work are on-going or complete;
- where complete, whether there is any material misstatement of the financial statements (where work is on-going, this is shown as 'TBC' i.e. to be confirmed); and
- some brief narrative to set out any issues arising to date, noting a full schedule will be included in our Audit Completion Report.

We would highlight that where work is shown as 'complete' in the following table, this is subject to:

- Manager and partner; and
- our technical team's review of the final revised financial statements.

The file review process may raise queries which lead us to revisit areas completed; this is a normal part of the audit process.

Audit progress

This table sets out progress on the 2021/22 financial statements audit.

Area	Status	Material misstatement?	Comments
Statutory records	Complete	No	
Laws and regulations	Complete	No	
Related party transactions	Complete	No	
Movement in Reserves Statement	Complete	No	
Expenditure testing	On-going	TBC	We await the response to our final queries on pay expenditure
Income testing	Complete	No	
Grant income testing	Complete	No	
Other operating income and expenditure	Complete	No	
Financing & investment income and expenditure	Complete	Yes	Amendment to the 'remeasurement of the net pensions liability' as a result of the revised pensions report (further details overleaf).

Audit progress

This table sets out progress on the 2021/22 financial statements audit (continued).

Area	Status	Material misstatement?	Comments
Cash flow statement	Complete	No	
Property, plant and equipment	On-going	TBC	Our work in this area remains ongoing. We are discussing a number of areas with the valuer. We will report the outcome of our work in this area in full in our Audit Completion Report.
Capital financing requirement disclosure	On-going	TBC	
Investments	Complete	No	
Debtors	Complete	No	A debtor with Central Government of £1.18m has been incorrectly classified as a payment in advance. As a result of this error, we have concluded there is an extrapolated classification error within payments in advance of £9,071m. The bad debt provision has been overstated by £1.2m and thus, understating debtors by the same amount.
Cash and cash equivalents	Complete	No	
Loans and borrowings	Complete	No	
Creditors	Complete	No	

Audit progress

This table sets out progress on the 2021/22 financial statements audit (continued).

Area	Status	Material misstatement?	Comments
Long-term liabilities – pensions	Complete	Yes	The Council obtained a revised pensions report from the Actuary, due to there being a material difference in the ‘return on assets’, between what the Actuary estimated and the actual return on assets for the final quarter of 2021/22. This increase in the CBMDC share of plan assets will result in a decrease to the Council’s net pensions liability by approximately £26.1 million.
Private finance initiative	Complete	No	
Financial instruments	On-going	TBC	
Usable & Unusable reserves	On-going	TBC	
Collection Fund	On-going	TBC	
Provisions	Complete	No	
Contingent liabilities and contingent assets	Complete	No	
Use of experts	Complete	No	
Accounting estimates	On-going	TBC	Informed by audit work in multiple other areas, therefore, remains ‘TBC’ until all other work completed.

Audit progress

This table sets out progress on the 2020/21 financial statements audit (continued).

Area	Status	Material misstatement?	Comments
Senior officers' remuneration	Complete	TBC	
Exit packages	On-going	TBC	Agreement of one exit package to supporting information
Members' allowances	Complete	No	
Expenditure and funding analysis	Complete	No	
Accounting policies	Complete	No	Minor amendments required to disclosures.
Disclosure of assumptions and key sources of estimation uncertainty	Complete	No	Minor amendments required to disclosures.
Disclosure of critical judgements	Complete	No	Minor amendments required to disclosures.
Going concern	Complete	No	Complete, subject to final procedures and other work.
Dedicated Schools Grant disclosure	Complete	No	Minor amendments required to disclosure but no overall impact on the total amount disclosed.

Audit progress

This table sets out progress on the 2020/21 financial statements audit (continued).

Area	Status	Material misstatement?	Comments
Narrative report	Complete	No	
Annual governance statement 2021/22	On-going	-	
IT general controls testing	Complete	No	
Value for money	On-going	-	

02

Section 02:

National publications

National publications

	Publication/update	Key points
National Audit Office (NAO)		
1	Introducing Integrated Care Systems: joining up local services to improve health outcomes	Overview of Integrated Care Systems
Public Sector Audit Appointments Ltd		
2	Consultation on proposed auditor appointments from 2023/24	Consultation document

NATIONAL PUBLICATIONS

National Audit Office

1. Introducing Integrated Care Systems: joining up local services to improve health outcomes, October 2022

Integrated Care Systems (ICSs) bring together NHS, local government and other partner organisations to plan and deliver integrated services to improve the health of the local population. There are 42 ICSs covering the whole of England, ranging in size from 542,000 people to 3.51 million. ICSs were introduced into legislation by the Health and Care Act 2022, the relevant provisions of which took effect from 1 July 2022.

This report examines the setup of ICSs by DHSC, NHS England (NHSE), and their partners and the risks they must manage. Unlike many National Audit Office reports, this is not an assessment of whether the programme has secured good value for money to date because ICSs have only recently taken statutory form. Instead, it is an assessment of where they are starting from and the challenges and opportunities ahead. NAO makes recommendations intended to help manage those risks and realise those opportunities.

The summary provides the key findings, our conclusion on ICSs' likely success, and our recommendations. The rest of the report sets out:

- an introduction to ICSs, describing their structure, objectives, and governance arrangements (Part One);
- an overview of the positions that ICSs are starting from, in terms of finances, staffing and activity levels, and some of the wider challenges facing the health and care sector (Part Two); and
- an examination of government's efforts to improve population health through better integration and a focus on prevention, and our assessment of ICSs' prospects for success this time (Part Three). Introducing Integrated Care Systems: joining up local services to improve health outcomes.

<https://www.nao.org.uk/reports/introducing-integrated-care-systems-joining-up-local-services-to-improve-health-outcomes/>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments Ltd

2. Consultation on proposed auditor appointments from 2023/24, October 2022

PSAA has consulted on the on the proposed auditor appointments for all opted-in bodies for audits from 2023/24 to 2027/28. The consultation closed on 14 November 2022.

<https://www.psa.co.uk/2022/10/consultation-on-proposed-auditor-appointments-from-2023-24/>

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