

# Audit Completion Report

City of Bradford Metropolitan District  
Council– Year ended 31 March 2022

March 2023



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City of Bradford Metropolitan Council  
City Hall  
Bradford  
BD1 1UH

February 2023

Dear Committee Members

## **Audit Completion Report – Year ended 31 March 2022**

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 9 June 2022. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate, with the exception of the following:

- Revenue Recognition – in the Audit Strategy Memorandum we identified Revenue Recognition as a significant risk. Since the ASM was presented, we have completed further analysis of the revenue streams of the Council and concluded there is no significant risk in relation to revenue recognition.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0781 375 2053.

Yours faithfully

Signed: {{\_es\_:signer1:signature }}

Cameron Waddell

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# 01

Section 01:

**Executive summary**

# 1. Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Valuation of land and buildings;
- Net defined benefit liability; and
- PFI accounting

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £1.2m. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022. At the time of preparing this report, there are matters outstanding as outlined in section 2. We will provide an update to you in relation to the matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion to be included in the draft auditor's report will be reported separately in a follow up letter.



### Value for Money

We anticipate having no new significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. However, despite progress in some areas, Ofsted's January 2023 inspection report continues to highlight significant concerns around the Council's progress in addressing significant weaknesses in children's services. This continues to represent a significant weakness in arrangements in relation to Governance and how the Council implements or achieves progress on recommendations raised as a result of previous recommendations made by both Ofsted and external audit. Further detail on our Value for Money work is provided in section 7 of this report.



### Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



### Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts.

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# 02




Section 02:

**Status of the audit**

# 2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Property, Plant and Equipment – Valuations		We are in the process of finalising our work on the valuation of land and buildings.
Infrastructure Assets		We are in the process of reviewing the work the Council have done to comply with the latest CIPFA guidance.
Whole of Government Accounts		We have not yet received group instructions from the National Audit Office in respect of our work on the Council’s WGA submission. We are unable to commence our work in this area until such instructions have been received.
Audit completion and post balance sheet events		Our standard work on the audit completion, internal review process and review of post balance sheet events up to the point at which we sign out audit report remain outstanding.

-  Likely to result in material adjustment or significant change to disclosures within the financial statements.
-  Potential to result in material adjustment or significant change to disclosures within the financial statements.
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements.

We will provide the Governance and Audit Committee with an update in relation to these outstanding matters in a follow-up letter prior to signing the auditor's report.



# 03

Section 03:

**Audit approach**



# 3. Audit approach

## Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in June 2022. We have made changes to our audit approach since we presented our Audit Strategy Memorandum which are outlined below:

- Revenue Recognition - in the Audit Strategy Memorandum we identified Revenue Recognition as a significant risk. Since the Audit Strategy Memorandum was presented, we have completed further analysis of the revenue streams of the Council and concluded there is no significant risk in relation to revenue recognition.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £23.5m using a benchmark of circa 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors, is £26m using the same benchmark.

## Use of experts

- As detailed in our Audit Strategy Memorandum, management makes use of experts in specific areas when preparing the financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. There are no changes to our or management's use of experts:

Item of account	Management' expert	Our expert
Net Defined benefit liability	Actuary (Aon Hewitt)	NAO's consulting actuary (PWC)
Property, plant and equipment valuation	In-house valuer	We take into account any relevant information which is available from third parties. We have also engaged the Mazars Real Estate Team to assist in our work on the valuation of property, plant and equipment.
Financial Instrument disclosures	Link Asset Services (formerly Capita)	No expert required

## Service organisations

- International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

Items of account	Service organisations	Audit approach
School's payroll	Data-plan and Working for Schools. These are the two material providers.	Sufficient appropriate audit evidence has been obtained for us to substantively test schools' external payroll without contacting the service organisations.



# 04

## Section 04: **Significant findings**

# 4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 15 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit;

## Significant risks

<b>Management override of controls</b>	<p data-bbox="468 696 723 722"><b>Description of the risk</b></p> <p data-bbox="468 729 1658 755">This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p data-bbox="468 786 2430 896">Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p> <hr/> <p data-bbox="468 922 784 948"><b>How we addressed this risk</b></p> <p data-bbox="468 962 1098 988">We addressed this risk through performing audit work over:</p> <ul data-bbox="468 1005 1676 1122" style="list-style-type: none"> <li>• Accounting estimates impacting amounts included in the financial statements;</li> <li>• Consideration of identified significant transactions outside the normal course of business; and</li> <li>• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li> </ul> <hr/> <p data-bbox="468 1143 665 1169"><b>Audit conclusion</b></p> <p data-bbox="468 1190 1365 1216">We do not have any matters to report in respect of management override of controls.</p>
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# 4. Significant findings

## Valuation of land and buildings

### Description of the risk

Council dwellings, infrastructure assets, other land and buildings were the Council’s highest value assets totalling £826.0 million (£835.2 million in 2020/21). The balance sheet also included investment properties totalling £46.1 million (£54.6 million in 2020/21).

Per the CIPFA Code, each of these class of asset requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date.

Management engages its own Valuer as an expert to assist in determining the fair value of land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with the valuation of land and buildings due to the significant judgements and number of variables involved.

### How we addressed this risk

We evaluated the design and implementation of any controls which mitigated the risk. This included liaising with management to update our understanding on the approach taken by the Council in its valuation of land and buildings. We:

- assessed the scope and terms of engagement with the Valuer;
- assessed the competence, skills and objectivity of the Valuer;
- assessed how management use the Valuer’s report to value land and buildings included in the financial statements;
- tested the accuracy of the data used in valuations;
- challenged the Council and Valuer’s assumptions and judgements applied in the valuations;
- Reviewed the valuation methodology used, including the appropriateness of the valuation basis; and
- considered the reasonableness of the valuation by comparing the valuation output with market intelligence.

We have also engaged the Mazars Real Estates Valuation team to assist in the above.

### Audit conclusion

Our work on valuation of land and buildings is still in progress. We will report our findings in a Follow-up letter on completion of the work.



# 4. Significant findings

**Net defined benefit liability**

**Description of the risk**

The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.

**How we addressed this risk**

We have addressed this risk by:

- critically assessing the competency, objectivity and independence of the West Yorkshire Pension Fund’s Actuary, Aon Hewitt;
- liaising with the auditors of the West Yorkshire Pension Fund to gain assurance that the controls in place at the Pension have been designed and implemented appropriately. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;
- reviewing and agreeing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and
- reviewing and agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority’s financial statements.

**Audit conclusion**

There has been a £26m reduction in the pension liability as a result of a revised actuary report being received in October 2022. the Statement of Accounts have been adjusted for this amendment. Further detail is included in section 6 of this report.



# 4. Significant findings

## Key areas of management judgement

### PFI accounting

#### Description of the management judgement

The method of accounting for PFI assets can be complex and involve management judgement.

There is therefore a potential risk of material misstatement if the Council fails to appropriately apply judgement and update their accounting model.

#### How our audit addressed this area of management judgement

We have reviewed the Council's approach for accounting for its PFI assets including a review of any changes to the financial model.

#### Audit conclusion

We have no issues to report in this area.



# 4. Significant findings

## Qualitative aspects of the Council’s accounting practices

We have reviewed the Council’s accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council’s circumstances.

Draft accounts were received from the Council on 14 September 2022 and were of a good quality.

## Significant matters discussed with management

There have been no significant matters discussed with management over and above those highlighted in other areas of this report.

During the year, we maintained a regular dialogue with management.

## Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2021/22 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.



# 05

Section 05:

**Internal control recommendations**



# 5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

We have not identified any internal control recommendations in 2021/22. We have provided an update to the internal control recommendations identified in the prior year.

## Follow up on previous internal control points

### Description of deficiency

IT auditors were unable to obtain evidence pertaining to requests for new users or changes to access on the SAP application

### Potential effects

Inappropriate or fraudulent accesses to IT resources, fraudulent or unintentional data alteration or entry.

### Recommendation

Management should ensure that there is an audit trail for all new user access and changes in access. The audit trail should include the specific access requested as well as relevant approval.

### 2021/22 update

Our work in 2021/22 has not identified any issues in this area.



# 5. Internal control recommendations

## Follow up on previous internal control points (continued)

### Description of deficiency

IT auditors identified 72 SAP accounts. Auditors were unable to determine if these accounts were required, with 60 of the accounts not being accessed within the financial year.

### Potential effects

Inappropriate or fraudulent accesses to IT resources, fraudulent or unintentional data alteration or entry.

### Recommendation

Management should perform a review of generic accounts and remove any accounts that are surplus to requirements.

### 2021/22 update

Our work in 2021/22 has not identified any issues in this area.

## Follow up on previous internal control points

### Description of deficiency

IT auditors identified two instances where the same user developed and promoted a change to the production environment, bypassing change management segregation of duties.

### Potential effects

Unwanted losses or alterations of production data and functionalities.

### Recommendation

Management should ensure segregation of duties in the change management process. Where it is not possible to segregate the development and promoting to production process, ensure there is documented approval provided to the third party to make the change.

### 2021/22 update

Our work in 2021/22 has not identified any significant issues in this area.



# 5. Internal control recommendations

## Follow up on previous internal control points (continued)

### Description of deficiency

IT auditors noted that no disaster recovery test had been performed by the organisation within the period.

### Potential effects

Business continuity issues, loss of systems or data

### Recommendation

Management should ensure that disaster recovery testing is performed on an annual basis and considers a variety of scenarios.

### 2021/22 update

Our work in 2021/22 has not identified any significant issues in this area.

### Description of deficiency

As part of our review of financial instruments, we noted that the 'expected loss model' has not been applied to assess contractual financial assets, per the requirements of IFRS9.

### Potential effects

Non-compliance with the code.

### Recommendation

We recommend the Council applies this model when calculating impairment losses for the 2021/22 financial statements.

### 2021/22 update

Our work in 2021/22 has not identified any significant issues in this area.



# 06

Section 06:

## **Summary of misstatements**

# 6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of [x]. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

## Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Expenditure	1,216			
	Cr: Debtors				1,216
Being the over provision of the impairment for bad debts of £1.2m, reducing the bad debt provision and increasing the overall value of debtors.					
<b>Total unadjusted misstatements</b>		1,216			1,216

## Unadjusted Disclosure errors

During our sample testing of debtors, we identified one debtor of £1.18m that had been mis-classified between 'General Payments in Advance' and Central Government bodies'. In line with our audit approach we have extrapolated this error across the 'General Payments in Advance' population, with a total extrapolated error of £9,071k. The Statement of Accounts have not been amended for this.



# 6. Summary of misstatements

## Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Fair value of plan assets			26,091	
	Cr: Return on plan assets				26,091
<p>Being the adjustment in the updated actuary report in received in October 2022 which resulted in an increase in the Council's share of plan assets by 26,091k, reducing the pension fund liability and increasing the pension fund reserve by this amount.</p>					
<b>Total adjusted misstatements</b>				26,091	26,091



# 6. Summary of misstatements

## Disclosure amendments

The following disclosure amendments have been agreed with management:

- **Note 17 – Short term debtors and payments in advance** – One debtor of £1.18m has been incorrectly classified as a ‘General Payment in Advance’. This has been amended and is now classified as ‘Central Government bodies’.
- **Note 21e – Reconciliation of Liabilities arising from financing activities** – the split of long term and short term borrowing has been amended, to ensure it is consistent with the Balance Sheet. The overall total borrowing remains the same.
- **Note 27 – Defined Benefit Pension Schemes – Impact on the Defined Benefit Obligation in the Scheme** – the ‘present value of benefit after decrease in assumption, rate of increase on salaries’ was incorrectly disclosed as £3,347,172. It has been amended to £3,342,172.
- **There was no disclosure note to detail the nature of expenses. This has now been included within the Statement of Accounts.**

We have also identified a number of minor presentational amendments which have been adjusted by management.

During the audit process finance officers identified and amended the following disclosure note:

- **Note 39 – Dedicated Schools Grant** - The values in the lines 'less actual ISB deployed to schools' and less actual central expenditure' for 2021/22 are the wrong way around:
  - less actual ISB deployed to schools has been amended to £243,527
  - less actual central expenditure has been amended to £27,674.



# 07

Section 07:

**Value for Money**



# 7. Value for Money

## Approach to Value for Money

We are required to consider 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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **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

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report within the 3 months of issuing our audit opinion on the financial statements, consistent with NAO guidance.

## Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2022.

However, despite progress in some areas, Ofsted's January 2023 inspection report continues to highlight significant concerns around the Council's progress in addressing significant weaknesses in children's services.

This continues to represent a significant weakness in arrangements in relation to Governance and how the Council implements or achieves progress on recommendations raised as a result of previous recommendations made by both Ofsted and external audit.

We anticipate that our draft audit report will highlight that this significant weakness in relation to Governance reported in March 2022 remains for the year ended 31 March 2022.

As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report within the 3 months of issuing our audit opinion on the financial statements, consistent with NAO guidance.

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# 7. Value for Money

## Follow up of previously-reported significant weaknesses in arrangements

Previously identified significant weakness in arrangements	Relevant reporting criteria	Our 2020/21 recommendations
<p><b>Progress in addressing weaknesses identified by Ofsted’s 2018 inspection of Children’s Services</b></p> <p>In 2018 Ofsted assessed children’s services as ‘Inadequate’. In response to Ofsted’s recommendations, the Council developed an action plan to address the issues highlighted by Ofsted.</p> <p>Since the 2018 visit, Ofsted has made several follow-up monitoring visits, and issued Monitoring Letters, summarising their views on progress to-date. In December 2020 Ofsted undertook a focused visit, (reported in February 2021) and shortly after completed a further monitoring visit in April 2021 (reported in June 2021). Ofsted’s Monitoring Letters, issued after these visits, highlighted that whilst the Council had made improvements, concerns remained about the pace of improvement since they issued their 2018 inspection report. In particular, Ofsted recommended that the Council needed to improve in the following key areas:</p> <ul style="list-style-type: none"> <li>• workforce challenges, including oversight and workforce instability;</li> <li>• poor working practices, including high caseloads and ineffective planning; and</li> <li>• effectiveness of corporate parenting.</li> </ul> <p>In our view, Ofsted’s concerns around the Council’s progress in addressing the identified weaknesses in children’s services represent a significant weakness in arrangements in relation to Governance and how the Council implements or achieves progress on recommendations raised as a result of previous recommendations from Ofsted.</p> <p>The Council recognises that the ongoing a failure to fully address the weaknesses identified in the 2018 Ofsted report and subsequent Monitoring Letters adversely impacts upon the quality of services provided to service users and may lead to further action by regulators.</p>	<p>Governance</p>	<p>In order to fully address ongoing concerns expressed by Ofsted in its 2018 Report and subsequent Monitoring Letters, the Council should continue to improve its arrangements and action plan.</p> <p>The Council should also ensure that robust monitoring and reporting processes are in place and that challenge, scrutiny and escalation arrangements drive the required improvements for service users and sustain the progress made to-date in implementing the actions to address the issues raised by Ofsted.</p>



# 7. Value for Money

## Follow up of previously-reported significant weaknesses in arrangements (continued)

### Planned procedures for 2021/22

In January 2022, following recommendations made by the Children’s Services Commissioner the Council has announced that it plans to establish a Trust to run services for vulnerable children and families. The intention is that this will be a not-for-profit Trust, which will be owned by the Council and operate at arms-length under the control of a new independent Chair and Board of Directors.

As part of our 2021/22 audit, we will follow up the Council’s progress in implementing arrangements to address the weaknesses and recommendations made by Ofsted and, more recently, by the Children’s Services Commissioner. Our work will include, but is not limited to:

- discussions with senior management;
- review of reports and minutes;
- review of action plans put in place to address the weaknesses identified by Ofsted and the Children’s Services Commissioner;
- considering progress made by the Council to date in addressing the weaknesses identified, including the establishment of the proposed Trust; and
- where available, consider any updates provided directly from Ofsted and/or the Children’s Services Commissioner.



# 7. Value for Money

## Follow up of previously-reported significant weaknesses in arrangements (continued)

### Progress against the recommendation

Ofsted has conducted seven monitoring visits since the previous inadequate judgement in 2018, which highlighted that some progress has been achieved in some discrete areas. However, the most recent January 2023 Ofsted report, following an inspection in late 2022, has highlighted “widespread and serious failures across all service areas”. As a result the Council’s children’s services has been rated ‘Inadequate’ for:

- The impact of leaders on social work practice with children and families.
- The experiences and progress of children who need help and protection.
- The experiences and progress of children in care and care leavers.
- Overall effectiveness.

Identified areas for improvement in the January 2023 Ofsted report include:

- Council and corporate senior leaders should ensure that they fully and effectively discharge their role as corporate parents, and ensure that children’s social care is provided with the resources and support required in a timely way to expedite sustainable improvements.
- The sufficiency and stability of the workforce, including senior leaders and managers.
- The quality and timeliness of assessments of risk and need in all their forms, including the response to domestic violence.
- The timely completion of statutory safeguarding checks and compliance with regulation regarding private fostering and connected carers.
- The timeliness and quality of decisions in respect of section 47 enquiries.
- The currency and accuracy of children’s records.
- The effectiveness of all multi-agency meetings and their influence in driving children’s plans.
- The timely escalation to public law outline (PLO) and timely progression of permanence in all its forms.
- The effectiveness and impact of independent reviewing officers (IROs).
- Foster carer morale, training, recruitment and retention, including the support offered to special guardians.
- The quality and safety of in-house residential provision, including safer recruitment.
- The offer of safe, appropriate and sustainable homes for care leavers and their preparation for leaving care.
- Clarity regarding the process of completing personal education plans (PEPs) so that they are consistently completed by all relevant professionals.
- The quality and effectiveness of supervision to staff at all levels by managers and leaders.

During the year the Council has continued to prepare for the establishment of a Children’s Trust from 1 April 2023. Regular reports have been presented to detail the progress made. In September 2022 a Gateway Review was carried out to provide assurance to all parties involved (Department for Education, City of Bradford Metropolitan District Council and The Children’s Trust) of the achievability of the 1 April 2023 launch date for the Bradford Children’s and Families Trust. Of the 12 areas covered by the Gateway Review,

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# 7. Value for Money

## Follow up of previously-reported significant weaknesses in arrangements (continued)

### Progress against the recommendation

During the year the Council has continued to prepare for the establishment of a Children’s Trust. Regular reports have been presented to detail the progress made. In September 2022 a Gateway Review was carried out to provide assurance to all parties involved (Department for Education, City of Bradford Metropolitan District Council and The Children’s Trust) of the achievability of the 1 April 2023 launch date for the Bradford Children’s and Families Trust.

The Gateway Review covered 11 workstreams and an assessment of the Programme Management itself. Of the 12 areas covered by the Gateway Review:

- 5 were rated as ‘Green’ - Successful delivery of these workstreams appears highly likely.
- 6 were rated as ‘Amber’ – Successful delivery appears feasible but significant issues require management attention.
- 1 was rated as ‘Red’ – Successful delivery appears unachievable with issues that do not appear resolvable.

Although progress has been made, significant work is required prior to 1<sup>st</sup> April 2023.



# 7. Value for Money

## Follow up of previously-reported significant weaknesses in arrangements (continued)

**Conclusion**

Despite progress in some areas, Ofsted’s January 2023 inspection report continues to highlight significant concerns around the Council’s progress in addressing significant weaknesses in children’s services.

This represents a significant weakness in arrangements in relation to Governance and how the Council implements or achieves progress on recommendations raised as a result of previous recommendations made by both Ofsted and external audit.

As part of our 2022/23 audit, we will follow up the Council’s progress in implementing arrangements to address the weaknesses and recommendations made by Ofsted.



# Appendices

A: Draft management representation letter

B: Draft audit report

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# Appendix A: Draft management representation letter

City of Bradford Metropolitan District Council headed paper  
Cameron Waddell  
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Leeds  
LS1 4AP

X March 2023

Dear Cameron

## City of Bradford Metropolitan District Council - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of City of Bradford Metropolitan District Council (the Council) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

I confirm that the following representations, to the best of my knowledge and belief, are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

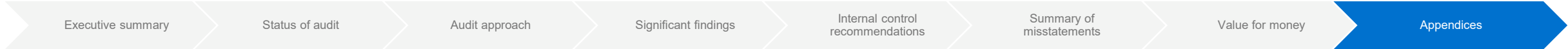
### My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.





# Appendix A: Draft management representation letter

## Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

## Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

## Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used in making the accounting estimates are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework..

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including un-asserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.



# Appendix A: Draft management representation letter

## Fraud and error

I acknowledge my responsibility as Director of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

## Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

## Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

## Charges on assets

All the company's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

## Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2021/22 in relation to the Council's PFI schemes that you have not been made aware of.



# Appendix A: Draft management representation letter

### Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### Impacts of Russian Forces entering Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and there is no significant impact on the Council's operations from the restrictions and sanctions in place.

### Going concern

To the best of my knowledge there is nothing to indicate that the Council will cease to continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

### Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole

Yours faithfully

Director of Finance

Date:



# Appendix B: Draft audit report

To be issued in a follow up letter



# Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



# Appendix D: Other communications

Other communication	Response
<b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
<b>External confirmations</b>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<b>Related parties</b>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the Director of Finance that City of Bradford Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

# Appendix D: Other communications

Other communication	Response
<p><b>Subsequent events</b></p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<p><b>Matters related to fraud</b></p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and Governance and Audit Committee, confirming that</p> <ul style="list-style-type: none"> <li>a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:               <ul style="list-style-type: none"> <li>i. Management;</li> <li>ii. Employees who have significant roles in internal control; or</li> <li>iii. Others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>



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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.