

Audit Progress Report

Salford City Council

September 2021



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01

Section 01:

Audit progress

Audit progress

Purpose of this report

This report provides the Audit and Accounts Committee with an update on progress in delivering our responsibilities as your external auditors and also includes, at Section 2, for your information, a summary of recent national reports and publications.

2019/20 audit

Public Sector Audit Appointments (PSAA) Limited has confirmed its agreement of the fee variations related to the 2019/20 audit.

2020/21 audit

Our Audit Strategy Memorandum for 2020/21 was presented to the Audit and Accounts Committee on 24 March 2021.

Our progress report in July 2021 confirmed our aim to complete the opinion audit by the end of September 2021 but reported a risk to meeting this timetable. Unfortunately we have been unable to complete sufficient audit work to allow us to report the outcomes to this meeting. This is due in part to pressure of work and capacity issues in both the council and audit teams and also to delays in responses to requests for information. Particular issues have been encountered in relation to property, plant and equipment revaluations, payroll and housing benefit information. We have agreed a deadline for providing all information for the audit of 28 September and are now aiming to report to the Audit and Accounts Committee in October 2021.

We will report on VFM at a later date but within three months of the date of the opinion, in accordance with the revised guidance issued by the NAO.

02

Section 02:

National publications

National Publications

	Publication/update	Key points
National Audit Office (NAO)		
1.	NAO Diversity and Inclusion Annual Report 2020-21 – July 2021	The Diversity & Inclusion (D&I) Annual Report 2020-21 focuses on the NAO’s achievements in the final year of its previous D&I Strategy 2018-21.
2.	Good practice guidance managing the commercial lifecycle – July 2021	The report summarises good practice guidance managing the commercial lifecycle – including recent examinations of commercial activities triggered in response to the global pandemic.
3.	Climate change risk – A good practice guide for Audit and Risk Assurance Committees – August 2021	This guide is aimed at helping Audit and Risk Assurance Committees (ARACs) to recognise how climate change risks could manifest themselves.
Ministry of Housing, Communities and Local Government (MHCLG)		
4.	Consultation on the local audit framework	Seeking views of organisations which form part of the local audit framework.
5.	Redmond Review response	Methodology for allocating £15 million to local bodies and review of Appointing Person regulations.
Other Relevant Publications		
6.	Better Care Fund Policy Framework 2021 to 2022 – September 2021	The Department of Health & Social Care (DHSC) and the Ministry of Housing, Communities and Local Government (MHCLG) have published the Better Care Fund (BCF) Policy Framework 2021 to 2022.

NATIONAL PUBLICATIONS

CIPFA

1. NAO Report: NAO Diversity and Inclusion Annual Report 2020-21 – July 2021

The NAO has published its Diversity & Inclusion (D&I) Annual Report 2020/21 which focuses on the NAO's achievements in the final year of its previous D&I Strategy 2018/21.

This report provides a candid assessment of the NAO's current position, and the challenges it faces as an organisation in achieving its ambitions to be an exemplar employer in D&I.

Key highlights over the past year include:

- Developing the NAO race equality and disability equality action plans which form an integral part of the NAO's new five-year Diversity & Inclusion Strategy, launched in June 2021.
- Improving the diversity of graduate intake and experienced hire programmes, supported by the introduction of new recruitment protocols.
- Building on the success of the NAO's internship and work experience programmes, focused on social mobility and ethnicity.
- Achieving progress against the NAO's targets for increased representation of women and ethnic minorities at senior levels of the organisation.
- Implementing the new corporate values, including a value of "inclusion and respect", integrating this into people processes and developments.
- Successfully concluding the first diversity mentoring programme, giving leaders a much richer insight into the lives and experiences of colleagues.
- Publishing the NAO's first ethnicity pay gap.

<https://www.nao.org.uk/report/nao-diversity-and-inclusion-annual-report-2020-21/>

NATIONAL PUBLICATIONS

CIPFA

2. NAO Report: Good practice guidance managing the commercial lifecycle – July 2021

The NAO has published Good practice guidance managing the commercial lifecycle which reflects upon findings and recommendations drawn from 209 reports concerning 350 commercial arrangements that it has published over the past 20 years – including recent examinations of commercial activities triggered in response to the global pandemic.

The guidance is presented in 10 sections, addressing both strategic and procedural considerations and supported by case studies from the NAO's reviews to provide relevant context.

<https://www.nao.org.uk/report/good-practice-guidance-for-managing-the-commercial-lifecycle/>

3. NAO: Climate change risk – A good practice guide for Audit and Risk Assurance Committees - August 2021

The National Audit Office has produced a guide aimed at helping Audit and Risk Assurance Committees (ARACs) to recognise how climate change risks could manifest themselves and which seeks to support them in challenging senior management on their approach to managing climate change risks. Within the guide, the NAO has outlined the specific reporting requirements that currently apply.

<https://www.nao.org.uk/report/climate-change-risk-a-good-practice-guide-for-audit-and-risk-assurance-committees/>

NATIONAL PUBLICATIONS

MHCLG

4. MHCLG Consultation on the local audit framework

On 28 July 2021, the Ministry for Housing, Communities and Local Government (MHCLG) issued a technical consultation on proposals aimed at strengthening the local audit framework, in response to the Redmond Review. MHCLG is particularly seeking the views of organisations which form part of the local audit framework, including audit firms. The consultation includes 24 questions and is open until 22 September 2021. It covers:

- A new system leader for the local audit framework, proposing that a new regulator, the Audit Reporting and Governance Authority (ARGA), take on this role.
- Proposals to strengthen audit committee arrangements within councils.
- Measures to address ongoing capacity issues on the pipeline of local auditors.
- Action to further consider local audit functions for smaller bodies

NATIONAL PUBLICATIONS

MHCLG

5. MHCLG Redmond Review response

The Ministry of Housing, Communities & Local Government (MHCLG) announced as part of its response to the Redmond Review, that it would provide £15 million in additional funding in 2021/22 towards external audit fees and the development of the proposed new standardised statement of service information and costs.

The department launched a short, four-week consultation, seeking views on the on the methodology for allocating these funds to local bodies.

Running alongside this, the department also launched a separate six-week consultation on the implementation of changes to the fee setting process for principal bodies set out in the Local Audit (Appointing Person) Regulations 2015.

The consultation primarily sought views on amending the timescale for setting fee scales, enabling the appointing person to consult on and approve a standardised additional fee, and for such payments to be made in year rather than at the completion of the audit.

On 29 July 2021, the government published its response to the consultation on changes to the audit fees methodology for allocating £15 million to local bodies to meet the anticipated rise in audit fees in 2021/22. The consultation received responses from councils, fire and rescue authorities, local police bodies, national park authorities, audit firms and regulatory and accountancy bodies.

On 28 July 2021, the government published the summary of responses from councils, fire and rescue authorities, local police bodies, national park authorities, audit firms and regulatory and accountancy bodies, to the consultation on changes to the Local Audit (Appointing Person) Regulations 2015, and its response to the consultation.

The government has subsequently decided to allocate the additional fees based on audited bodies' existing scale fees.

6. Better Care Fund Policy Framework 2021 to 2022

The Department of Health & Social Care (DHSC) and the Ministry of Housing, Communities and Local Government (MHCLG) have published the Better Care Fund (BCF) Policy Framework 2021 to 2022. This confirms how local authorities and clinical commissioning groups (CCGs) should proceed with finalising plans and pooling agreements for funding under the BCF in 2021 to 2022 and sets out the national conditions for the Fund. There will be minimal change to the BCF in 2021 to 2022.

<https://www.gov.uk/government/publications/better-care-fund-policy-framework-2021-to-2022/2021-to-2022-better-care-fund-policy-framework>

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