

Audit Progress Report

Salford City Council

Audit and Accounts Committee March 2023



1. Audit Planning Update and Progress
2. National publications

01

Section 01:
Audit Progress

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditors.

2020/21 Audit

We presented our Audit Completion Report for 2020/21 to the October 2021 meeting, and noted a number of areas of work as remaining outstanding at that point in time. We reported progress against the outstanding areas of work in our progress reports to the March 2022 and January 2023 Committees.

The January 2023 update noted progress on the outstanding issue relating to the accounting treatment of the pension liability for social care staff who transferred across to the NHS as part of the integration of health and social care services and on three issues relating to the valuation of the Council's infrastructure assets, investment in Manchester Airport shares and the fair value disclosures of the airport loans, which had arisen during our 2021/22 audit which will apply retrospectively to the 2020/21 financial statements. Our work on these issues is complete and has resulted in restatement of the current and prior year accounts and amendment to accounting policies and associated notes.

A further issue has arisen during our 2021/22 audit which will apply retrospectively to the 2020/21 accounts in relation to the IAS19 accounting entries and the assurance from the pension fund auditor.

Our detailed testing of the GMPF accounts has identified some differences in the value of the assets held. These differences are the result of timing differences between the information used by GMPF to close its accounts and then information available at the time of our audit, and because of timing differences between the information used by GMPF when closing the accounts and that provided to the actuary for the IAS19 reports. Unfortunately, the impact of this movement (reflecting an increase in the valuation of assets at 31 March) is likely to be material in each local authority set of accounts based on our rough calculations of your percentage share of the assets.

We will report all remaining areas at the conclusion of the audit.

2021/22 Audit

The detailed Audit Strategy Memorandum for 2021/22 was reported to the October 2022 meeting and there have been no changes to the risks identified since that date.

Financial statements audit

We are nearing completion of our financial statements audit for the year ending 31 March 2022. We expect to present our draft Audit Completion Report to the next Committee meeting.

Value for money arrangements

We have not yet received the Council's updated self assessment of its arrangements. We are completing our fieldwork on the Council's arrangements for the 2021/22 financial year, and intend to report the findings from our work on the Council's value for money arrangement in our Auditor's Annual Report.

There are no matters arising from the fieldwork completed to date to report to the Committee.

2022/23 audit

We will commence our planning for the audit of the 2022/23 financial statements and value for money arrangements at the conclusion of the 2021/22 audit.

02

Section 02:

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1	CIPFA Bulletin 12 Accounting for Infrastructure Assets Temporary Solution	Covers the issues to be considered regarding the temporary solution for the accounting and reporting issues relating to infrastructure assets
National Audit Office (NAO)		
2	Progress update: timeliness of local auditor reporting on local government in England	A factual update on local auditor reporting since the March 2021 report
3	Education recovery in schools in England	Examines whether the Department for Education (DfE) is achieving its objective to help pupils recover lost learning by effectively supporting education recovery in schools following the COVID-19 pandemic
4	Good practice in annual reporting	An interactive guide that provides examples of good practice in annual reporting
Department for Levelling Up, Housing and Communities		
5	Department consultation - public inspection of Category 1 authority accounts 2022 – 23	Requesting views on the current deadline for category 1 authorities to make their draft accounts available for public inspection
6	Local Audit Reform – System Leadership: Publication of Memorandum of Understanding	3/3/23

NATIONAL PUBLICATIONS

CIPFA

1. CIPFA Bulletin 12 Accounting for Infrastructure Assets Temporary Solution, January 2023

The CIPFA Bulletin 12 – Accounting for Infrastructure Assets – Temporary Solution covers the issues to be considered regarding the temporary solution for the accounting and reporting issues relating to infrastructure assets.

The objective of the bulletin is to provide guidance on the temporary solution for accounting for infrastructure assets, focussing on the reporting of the derecognition provisions where there is replacement expenditure and particularly for highways infrastructure assets

The temporary solution includes the Update to the Code and Specifications for Future Codes for Infrastructure Assets (Update to the Code) from 1 April 2021 to 31 March 2025 which features a temporary relief not to report gross cost and accumulated depreciation for infrastructure assets and the statutory prescriptions from England and Wales and Scotland

The Bulletin also includes guidance on accounting for the pattern of consumption of economic benefits and service potential i.e. depreciation.

The Bulletin includes guidance on materiality, an overview of different elements of the temporary solution, the accounting requirements for derecognition including the statutory prescription, the impact on accounting policies and the reporting requirements for disclosure of gross cost and accumulated depreciation

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-12-accounting-for-infrastructure-assets-temporary-solution>

NATIONAL PUBLICATIONS

National Audit Office

2. NAO Progress update: Timeliness of local auditor reporting on local government in England, January 2023

The NAO has published its Progress update: Timeliness of local auditor reporting on local government in England which provides a factual update on local auditor reporting since the March 2021 report. The report sets out:

- an up-to-date position on the timeliness of audit opinions issued on local government bodies in England (local authorities, local police bodies, local fire bodies) and other bodies (combined authorities, functional bodies, local transport, national parks authorities, pensions authorities and waste disposal authorities);
- an assessment of the impact of delays to local government audit opinions; and
- the steps government and others have taken to address concerns reflected in PAC's 2021 and 2022 recommendations. These concerns covered the need to: support the local audit market; increase the supply of qualified auditors; and reform the local audit system.

<https://www.nao.org.uk/reports/progress-update-timeliness-of-local-auditor-reporting-on-local-government-in-england/>

NATIONAL PUBLICATIONS

National Audit Office

3. Education recovery in schools in England, February 2023

The NAO has published its report Education recovery in schools in England that examines whether the Department for Education (DfE) is achieving its objective to help pupils recover lost learning by effectively supporting education recovery in schools following the COVID-19 pandemic. The evaluative criteria that the NAO used to assess value for money included:

- whether DfE used the available evidence in designing its package of recovery interventions;
- whether DfE has assurance that funding is being used for the intended purposes;
- what evidence there is on take-up and whether the interventions are reaching disadvantaged pupils as intended; and
- whether the package of interventions is having an impact in terms of reducing learning loss.

The report covers:

- the design and funding of the recovery package for schools (Part One);
- the main interventions provided to support education recovery (Part Two); and
- the recovery package's impact (Part Three).

The report does not cover early years, education for 16- to 19-year-olds, or further or higher education.

Conclusions

Since 2020, DfE has acted to support education recovery in schools through a range of interventions that were informed by the available evidence as to what would be most likely to work. DfE said that support should be targeted at disadvantaged pupils, given their greater learning loss, but gave schools freedom to decide how best to help pupils catch up. There is limited evidence on how extra direct funding for schools was spent and how far it was used to support disadvantaged pupils.

Take up of the centrally run National Tutoring Programme (NTP) schemes was lower than DfE intended but school-led tutoring boosted take-up to above target. Disadvantaged pupils have been more likely than other pupils to receive tutoring through the NTP, although only a minority have received this extra support. Research indicates that pupils' learning loss is generally reducing but disadvantaged pupils remain further behind the expected level of achievement than other pupils.

The NAO's examination focused on the first two years of DfE's interventions to support education recovery in schools. While progress is being made, a final assessment of whether DfE has effectively supported recovery will depend on what happens in the coming years, with nearly half the extra funding scheduled to be spent in 2022/23 and 2023/24. It is vital therefore that DfE maintains its focus on the implementation and impact of its recovery interventions if it is to achieve its ambitions of giving all children the chance to make up the learning they lost and improving the educational outcomes of disadvantaged pupils specifically.

NATIONAL PUBLICATIONS

National Audit Office

4. Good practice in annual reporting– February 2023

The NAO has published an interactive guide that provides examples of good practice in annual reporting. We have drawn on examples from the public sector and other organisations shortlisted for the Building Public Trust Awards, which recognise trust and transparency in corporate reporting. PwC has run these awards for many years and the NAO co-sponsors the award for Reporting in the Public Sector.

The guide draws on examples of good practice for annual reporting from organisations who are leading the way in this area. These examples are grouped by the sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

It also provides further examples where bodies have made their reports easier to understand with the use of graphics, clear and accessible language and signposting. The list is not definitive, but the NAO hopes it provides ideas for all bodies in both the public and private sector to think about as they plan their annual reporting for 2022-23.

<https://www.nao.org.uk/insights/good-practice-in-annual-reports/>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities

5. Department consultation - public inspection of Category 1 authority accounts 2022 – 23, February 2023

The Department for Levelling Up, Housing & Communities (DLUHC) is requesting views on the current deadline for category 1 authorities to make their draft accounts available for public inspection.

In March 2021 The Accounts and Audit (Amendment) Regulations 2021 amended the requirements about when accounts must be made available for public inspection for the 20-21 and 21-22 accounts, and provided that the period for the exercise of public rights needed to commence on or before the first working day in August in the following financial year.

For 22-23, the statutory requirement for category 1 authorities is to make accounts available for public inspection for a period that includes the first 10 working days of June, effectively requiring them to be published by 31 May at the latest.

The Government is minded for this deadline to remain in place, but is interested in hearing stakeholders views via a short consultation.

<https://consult.levellingup.gov.uk/redmond-response-team/request-for-views-draft-accounts-deadline/>

6. Local Audit Reform – System Leadership: Publication of Memorandum of Understanding, March 2023

The Department for Levelling Up, Housing & Communities published a Memorandum of Understanding (MoU) with the Financial Reporting Council (FRC).

The MoU sets out the agreement between DLUHC and the FRC on the roles and responsibilities the FRC will take on as system leader during the ‘shadow period’.

This precedes the intended establishment of the Audit, Reporting and Governance Authority (ARGA), when full system leadership is intended to commence.

The MoU can be accessed here:

<https://www.gov.uk/government/groups/local-audit-liaison-committee>

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