The Audit Findings (ISA 260) Report for Barnsley Metropolitan Borough Council

Year ended 31 March 2022

9 November 2022

Contents

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit and Governance Committee.

Gareth D Mills

Name: Gareth Mills

For Grant Thornton UK LLP

Date: 9 November 2022

1. Headlines

This section summarises the key findings and other matters arising from the statutory audit of Barnsley Metropolitan Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was conducted remotely from July through to concluding in November. Our findings are summarised in Section Two of this report. As at the date of this report, we have not identified any audit adjustments impacting on the Council's outturn position and useable reserves.

Our work identified a number of disclosure and presentational audit adjustments which are detailed at Appendix C. We have raised some recommendations for management as a result of our work in the Action Plan at Appendix A. Our follow up of recommendations from the prior year are detailed at Appendix B.

Our work is nearing completion in advance of our target completion date of the end of November. At present, there are no matters of which we are aware that would require modification of our proposed audit opinion (Appendix E for an update) or material changes to the financial statements, subject to the following outstanding matters:

- completing the remaining elements of our work on Property, plant and equipment (PPE), pension fund assets and liabilities, payables and receivables, journals, grant income, operating expenditure, the Group audit and additional assurance from the auditor of South Yorkshire Pension Fund
- publication of the Statutory Instrument (SI) from the Department for Levelling Up, Housing and Communities (DLUHC) on the statutory override for the accounting arrangements relating to infrastructure assets (see also page 13 for further details)
- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of land and buildings valuation, pension fund liability and journals testing
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the signed management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Timing of the completion of the 2021-22 audit

In our discussions with management, our approach is to conclude all work on the audit by 30 November 2022 in line with the statutory target. However, there is a national issue across the sector in terms of accounting for infrastructure assets (set out in more detail on page 13) which is expected to be resolved via the issuing of a Statutory Instrument from DLUHC.

We have agreed with management that we will await the publication of the SI in order to avoid issuing a qualified opinion on the issue of infrastructure. At the time of this report the exact publication date remains unclear but it is anticipated that it will be issued and will become a legal instrument in late December. The SI is expected to resolve the infrastructure accounting issue across the sector and should all other aspects of the audit be concluded appropriately, we would expect to issue a clean (unqualified) audit opinion at that time.

1. Headlines

Value for Money (VFM) arrangements	
Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the Council's arrangements under the following specified criteria: - Improving economy, efficiency and effectiveness; - Financial sustainability; and - Governance	We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached at Appendix G to this report. We expect to issue our Auditor's Annual Report in time for the Audit and Governance Committee meeting on 18 January 2023. This is ahead of the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued within three months after the date of the opinion on the financial statements. As reported to you in our Audit Plan in July, our planning risk assessment work identified one possible significant weakness in the Council's arrangements. This is in relation to the Ofsted and CQC Inspection (November 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley. We also identified this as a key recommendation issue in our 2020-21 VFM work and reported this in our Auditor's Annual Report in March 2022. Considering this inspection was carried out and reported in 2021-22, we consider this a continuing issue in the Council's VFM arrangements for 2021-22. As part of our 2021-22 VFM review, which is not yet completed, we are following up Council's actions in relation to the Ofsted findings. Further details of this issue is included in Section Three of this report. As with many other local authorities across the country, the Council is facing cost pressures resulting from increasing inflation, interest rates, energy and pay expenditure. This is challenging on the Council's ability to deliver the agreed budgets and setting Medium Term Financial Plans. We will summarise our findings on these areas as part of our VFM work and report to you through our Auditor's Annual Report in January 2023.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We cannot issue our 2021-22 audit certificate at this time. Subject to the completion of our work on the Council's VFM arrangements, our review of the Council's Whole of Government Accounts (WGA) submission, and the issue of the Statutory Instrument in respect of Infrastructure Assets, we will then be in a position to issue our audit certificate in the New Year.
Significant Matters	We did not encounter any significant difficulties or identify any significant matters arising during our audit.
Acknowledgements	We would like to take this opportunity to record our appreciation for the continued assistance and support provided by the finance team and other staff during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings (ISA260) Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be presented to the Audit and Governance Committee on 16 November 2022.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls
- an evaluation of the components of the Group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of each component and to determine the planned audit response. From this evaluation we determined that a targeted approach was required as part of our audit work on the following Group components; Berneslai Homes Limited (BHL) and Penistone Grammar Trust (PGT). This is consistent with our audit approach in previous years.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audit of your financial statements and subject to the outstanding queries being resolved and a statutory instrument being issued in respect of accounting for infrastructure assets (also see page 13 for further details) , we anticipate issuing an unqualified audit opinion. These outstanding items include:

- completing the remaining elements of our work on PPE, pension fund assets and liabilities, payables and receivables, journals, grant income, operating expenditure, the Group audit and additional assurance from the pension fund auditor
- publication of the Statutory Instrument from the Department for Levelling Up, Housing and Communities (DLUHC) on the statutory override for the accounting arrangements relating to infrastructure assets (see also page 13 for further details)
- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of PPE valuation, pension fund liability and journals testing
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the signed management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

On receipt of the draft financial statements for 2021-22, we revised the materiality levels as reported in our Audit Plan dated 18 July 2022 to reflect the increase in gross expenditure in net cost of services (our benchmark for determining materiality) of some £130m.

The updated materiality levels are shown in the table alongside for both the Council and the group.

Materiality area	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Revised materiality for the financial statements	10,750k	10,692k	We have determined materiality at 1.5% of gross operating expenditure in net cost of services . We consider this as the most appropriate criteria given stakeholders interest in the Council delivering its budget.
Planning materiality	*8,805k*	*8,721k*	There are no changes to this benchmark that was set out in our Audit Plan dated 18 July 2022.
Revised performance materiality	7,525k	7,484k	Assessed to be 70% of financial statement materiality.
Planning performance materiality	*6,164k*	*6,105k*	
Revised triviality amount	537k	534k	This equates to 5% of materiality. This is our reporting threshold to the Audit and Governance Committee for any errors identified.
Planning triviality amount	*440k*	*436k*	
Revised materiality for senior officer remuneration disclosures	-	15k	The senior officer remuneration disclosures in the Financial Statements have been identified as an area requiring specific materiality due to its sensitive nature.
Original materiality for senior officer remuneration disclosures	-	*15k*	There are no changes to this threshold from our Audit Plan dated 18 July 2022.

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls (Risk relating to the Council) Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. Our audit work in this area remains ongoing, however to date has not identified any issues in respect of management override of controls. We will provide a verbal update to the Audit and Governance Committee on 16 November should any significant issues arise from completing our work in this area.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Risk of fraud in revenue recognition and expenditure **(Risk relating to the Council)** **Revenue** Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at the Council, mean that all forms of fraud are seen as unacceptable. **Expenditure** Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because: • there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds • there is no significant pressures on general fund reserves of the Council • Covid -19 funding has been sufficiently provided for additional expenditure and loss of income during 2020-21 and into 2021-22.	As part of our final accounts audit process, we have reconsidered our rebuttal of both revenue and expenditure recognition and consider the rebuttal is still remain appropriate. Notwithstanding that we have rebutted these risks, we have undertaken a significant level of work on the Council's revenue streams, as they are material to the financial statements audit. As part of our audit work, we have: **Accounting policies and systems** • Evaluated the Council's accounting policies for recognition of income and expenditure for it's material income and expenditure streams and compliance with the CIPFA Code • Updated our understanding of the Council's business processes associated with accounting for income and expenditure. **Fees, Charges and other service income** • Agreed, on a sample basis, income and year end receivables from other income supporting evidence. **Taxation and non specific grant income** • Income for national non-domestic rates and council tax is predictable and therefore we would conducted substantive analytical procedures • For other grants we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment was in line with the CIPFA Code. Please see further reporting at page 17 **Expenditure** • Agreed, on a sample basis, non pay expenditure and year end payables to supporting evidence • Undertook detailed substantive analytical procedures on pay expenditure. We also carried out sufficient and appropriate audit procedures to ascertain that recognition of income and expenditure was in the correct accounting period using cut off testing. From our audit work to date, there are no issues arising that require reporting to the Audit and Governance Committee.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of land and buildings, including Council dwellings (Risk relating to the Council) The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.02 billion) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used. We therefore identified the closing valuation of land and buildings, including council dwellings as a significant risk, which was one of the most significant assessed risks of material misstatement.	As part of our work we have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • discussed with the valuer the basis on which the valuation was carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engaged our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation • tested revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • considered, where the valuation date is not 31 March 2022 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2022. Our audit work completed to date has not identified any issues in respect of the valuation of land and buildings.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of the pension fund net liability (Risk relating to the Council) The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£327.4m in the Authority's balance sheet {Group £353.2m}) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtained assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. **[currently awaiting]** Our audit work to date has not identified any issues in respect of valuation of the pension fund liability except for the following disclosure issue: • our review of the pensions disclosures within Note 37 Defined Benefit Pension Schemes identified that no sensitivity analysis had been disclosed for pension assets valued at level 3 (e.g. complex valuations such as private equity shares, complex derivatives where there is no readily available market information and need to make more assumptions on the estimate valuation) around the estimation uncertainty in relation to the valuation of these assets. Following discussions with management, this disclosure has now been added based on South Yorkshire Pension Fund (SYPF) 2021-22 valuations reported in the SYPF audited accounts. This amendment is also reported at Appendix C. Further to discussions across public sector audit suppliers delivering pension fund audits, we have been informed that certain additional assurances are required from the pension fund auditor, as part of our audit of Council's pension fund net liability . The additional information mainly relates to the valuation of pension scheme assets in level 1, 2 and 3 of the fair value hierarchy and the approach taken to reviewing such valuations. This information should already be available to the pension fund auditor and should not require any significant additional work. We understand other audit firms are taking a similar approach regarding obtaining these additional assurances as part of auditing the pension fund net liability. We have requested for this information from the SYPF auditor and are currently awaiting a response.

2. Key findings arising from the Group audit

Component	Work performed	Group audit impact and findings
Berneslai Homes Limited (BHL)	We adopted a targeted approach of the material balances and transactions of BHL within the Group financial statements for the year ended 31 March 2022. • Our audit approach included obtaining sufficient assurances based on group materiality over material balances and transactions of BHL outside the group boundary, based on group materiality. This included the BHL pension fund liability, operating expenditure, short term investments and any other material balances and transactions outside the Group	Our audit work in this area is currently in progress. From our work completed to date, there are no issues to report from the consolidation of BHL into the Council's group accounts.
Penistone Grammar Trust (PGT)	We adopted a targeted approach of the material balances and transactions of PGT within the Group financial statements for the year ended 31 March 2022. • Our audit approach included obtaining sufficient assurances based on group materiality, over material balances and transactions of PGT, outside the Group boundary. This included the PGT land and buildings and endowment funds balances and any other relevant material balances and transactions outside the Group	Our audit work in this area is currently in progress. From our work completed to date, there are no issues to report from the consolidation of PGT into the Council's group accounts.

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Auditor commentary and view
IFRS 16 implementation FRAB agreed with the deferral of IFRS 16 to 2024- 25. Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. If management elect to implement IFRS 16 from April 2022 (early adoption) then in the 2021-22 accounts as a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts	The Council has decided not to adopt the standard early in its financial statements. The Council has included a high level reference to IFRS16 in its accounts, Technical Annex D Accounting Standards that have been issued but have not yet been adopted. Management and the audit team will liaise during the 2022-23 audit to ensure the requirements of the new standard are being followed and plans are developed for IFRS 16 implementation to be adequately reported in the 2023-24 accounts and fully adopted in the 2024-25 accounts.
Recognition and Presentation of Grant Income The Council receives a number of grants and contributions and is required to follow the requirements set out in sections 2.3 and 2.6 of the Code. The main considerations are to determine whether the Council is acting as principal/ agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income.	Note 15 to the accounts includes a detailed analysis of grant income covering grant income recognised through the Comprehensive Income and Expenditure Statement (CIES). Note 33 to the accounts includes grants and contributions received in advance. The notes provide the accounting principles supporting grant income. Our audit testing of grant income relating to 2021-22 has not identified any non-compliance with the requirements for grant accounting as specified in the Code. Our work involved reviewing the Council's treatment of grants including Covid-19 related grants as either agent (where the Council passes on the grant without having control over its award) or principal (where the Council determines the grant award to be provided). Grant awards where the Council is acting as principal are recorded within the Council's CIES whereas grants where the Council has acted as agent are not. Our work also reviewed the appropriateness of the disclosures made and we undertook sample testing of a number of grants. We identified a transposition line error between Covid-19 general grants and Section 31 grants (note 15) which has been now corrected. This has no impact to the total grant income and accounting treatment. We have reported this at Appendix C. No other issues have been identified in recognition and presentation of Grant Income.
IT General Controls (ITGC) work As part of our audit procedures on the financial statements, we conducted our ITGC work. This was targeted on general IT controls and was performed by our IT specialists. The objective was to identify any significant deficiencies in IT general controls that could lead to any material errors in the financial statements.	There were some recommendations arising from our IT work which have been included under Appendix A. The recommendations are primarily concerned with weaknesses at system access level, where there are compensating controls in place to detect and reduce material errors in the financial statements. The audit team has considered the issues identified and do not consider them significant enough to have an impact on our audit approach (as we performed a fully substantive audit approach with no reliance on operating effectiveness of controls whether they are IT or manual). The recommendations identified by our IT audit specialists would further strengthen the Council's IT control environment when implemented.

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Auditor commentary and view
National local authority accounting issue: **Valuation of Infrastructure Assets** The Code requires infrastructure to be reported in the Balance Sheet at depreciated historical cost, that is historic cost less accumulated depreciation and impairment. In addition, the Code requires a reconciliation of gross carrying amounts and accumulated depreciation and impairment from the beginning to the end of the reporting period. The Council has material infrastructure assets amounting to c£300m as at 31 March 2022, there is therefore a potential risk of material misstatement related to the infrastructure balance.	Our review of the Council's arrangements for accounting for infrastructure assets noted that its arrangements, as with most other authorities, do not fully comply with the requirements of the CIPFA Code of Practice on Local Authority Accounting and International Accounting Standard (IAS) 16, which establishes the principles for recognising property, plant and equipment as assets, measuring their carrying amounts, and measuring the depreciation charges and impairment losses. The Council, in common with most other local authorities, capitalises additional expenditure on infrastructure assets, for example on resurfacing roads. However, the amount written out against the gross value of infrastructure assets and depreciation following these improvement works may not fully write out the appropriate proportion of the improvements made and are unable to be clearly demonstrated by available records held by the Council. As a result, there is a risk that the Council's gross book value and accumulated depreciation infrastructure balances could be materially misstated. The valuation of infrastructure assets in local government continues to be an on-going national issue. Given the value of infrastructure assets at the Council totals c£300m, a resolution for the sector is necessary before we are able to conclude on the 2021-22 audit. We understand the Department for Levelling Up, Housing and Communities (DLUHC) is in the process of issuing a Statutory Instrument which would provide a statutory override given most authorities do not fully comply with current accounting requirements on infrastructure assets. We understand the DLUHC is aiming to issue the Statutory Instrument in late December 2022. We will continue to keep the finance team and the Audit and Governance Committee briefed on any developments as they arise. The issue of the SI (and its contents) will determine when we will be in a position to conclude and sign off the Council's 2021-22 accounts, but we anticipate this to be early in the New Year.
Disclosure Prior Period Adjustment (PPA) - Note 25, Leases Our work highlighted the leases note 25 included a 'restated' sign under finance leases table disclosed. Our further inquiries indicated that this is in relation to Barnsley Metrodome, which the Council identified in 2021-22 that it has always owned this asset and incorrectly previously reported it within finance leases under note 25. The restatement was to remove the valuation of Barnsley Metrodome amounting to £20,828k from the lease disclosure table.	Our further audit work in this area indicated that: - This adjustment is within the scope of relevant Accounting Standard for a PPA (IAS 8) - Barnsley Metrodome has always been included in the Council's balance sheet and depreciated accordingly. No rental was paid as it was an owned asset. Therefore, this is a disclosure PPA with in the scope of IAS 8 - It has no impact on brought forward reserves as at 1 April 2021 - Required disclosures should be made in note 25 in relation to this PPA in line with IAS 8 accounting principles. As reported at Appendix C, management has agreed to make these disclosures and they will be included in the revised version of the accounts.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Council Dwellings valuation: £715.9m	The Council is required to revalue its Council housing in accordance with Department of Levelling up Housing and Communities (DLUHC) Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged its valuer to complete the valuation of these properties. The Council Dwelling valuation as at 31 March 2022 was £715.9m, a net increase of £68.5m from 2020-21 (£647.4m).	• The Council's RICS qualified valuer has valued the entire housing stock using the beacon methodology, in which a detailed valuation of representative property types was then applied to similar properties. • Our work indicated that this methodology was applied correctly to the 2021-22 valuation. • We have assessed the Council's valuer to be competent, capable and objective in carrying out the valuations • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report • We have agreed the HRA valuation report to the accounts • We have compared the valuation movements with the Gerald Eve (property valuation specialists) national report and held discussions with our own valuation specialist.. These discussions are still on going. We have also challenged management and the Council's valuation expert on valuation differences identified through our sensitivity analysis work using other relevant indices. These discussions remain on-going and we intend make our conclusions before we issue the audit opinion. There are no issues arising to date from our work that we wish to bring to the attention of management or the Audit and Governance Committee.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious **(Green) - TBC**

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic or cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Other Land and Buildings valuation: £303.5m	Other land and buildings comprises £172.9 of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£130.6) are not specialised in nature (such as car parks) and are required to be valued at existing use in value (EUV) at year end. The Council has engaged its in-house RICS qualified valuer to complete the valuation of assets on a five yearly cyclical basis as permitted by Code of Practice on Local Authority Accounting. Approximately 85% of total other land and buildings assets (by gross value) were revalued during 2021-22. Management has also considered the year end value of non-revalued properties of 100 larger value land and buildings (similar approach as in previous years) and has included these in 2021-22 valuation process to gain a higher coverage of valuations. The total year end valuation of other land and buildings was £303.5m.	• We have assessed the Council's in-house valuer, to be competent, capable and objective • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including floor areas and have no issues to report • Further to our previous year recommendation (see Appendix B), management has changed the valuation date of revalued assets to 30 September which is closer to the year end date than the previous date of 1 April. Whilst this is an improvement from previous years, we have further recommended management to consider a more closer date to 31 March. (see Appendix B) • The valuation methods remain consistent with the prior year • In relation to assets not revalued in the year, we have compared the Gerald Eve (valuation specialists) property valuation report and held discussions with our own, auditor's valuation specialist. These discussions are still on going. We have also challenged management and the Council's valuation specialist on valuation differences identified through our sensitivity analysis work using other indices. These discussions are still on-going and we intend make our conclusions before we issue the audit opinion.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious **(Green) - TBC**

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability (Council) £327.4m	Per the draft accounts, the Council's net pension liability at 31 March 2022 is £327.4m (PY £439.6m) comprising the Council's share of the South Yorkshire Local Government Pension Scheme. The Council engaged Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed at 31 March 2019, utilising key assumptions such as life expectancy, discount rates, salary growth and pension increase rate. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £116m net actuarial gain during 2021-22. The improved position results mainly from an increase in pension asset values of £93m and a reduction in pension liabilities of £23m.	• We have assessed the Council's actuary, Hymans Robertson, to be competent, capable and objective • We have performed additional tests in relation to the accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the roll forward calculation carried out by the actuary and have no issues to raise. • We have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – please see the table below for our comparison of actuarial assumptions. The PwC report has also indicated under overall findings section that they are comfortable with the methodologies used by Hymans Robertson to establish and produce reasonable assumptions as at 31 March 2022 for all employers. (see assumptions table below) • We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate • We have confirmed there were no significant changes in 2021-22 to the valuation method	We consider management's process is appropriate and key assumptions are neither optimistic or cautious **(Green) TBC**

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.70%	Assumption appears reasonable	● Green
Pension increase rate	3.2%	Assumption appears reasonable and methodology appropriate.	● Green
Salary increase rate	4.2%	In line with expectation.	● Green
Average Life expectancy – Males (at age 65)	Pensioners: 22.6 Non-pensioners: 24.1	Overall mortality assumptions appear reasonable.	● Green
Average Life expectancy – Females (at age 65)	Pensioners: 25.4 Non-pensioners: 27.3	Overall mortality assumptions appear reasonable.	● Green

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Grants Income: **£399.9m** **Grants & Contributions received in Advance** **£37.8m**	Management has taken into account three main considerations in accounting for grants: 1. whether the Council is acting as the principal or agent and particularly whether it controls the goods or services before they transfer to the service recipient. Management's assessment needs to consider all relevant factors such as who bears credit risk and responsibility for any overpayments, who determines the amount, who sets the criteria for entitlement, who designs the scheme and whether there are discretionary elements. 2. whether there are conditions outstanding (as distinct from restrictions) that would require the grant to be recognised as receipt in advance, otherwise grant should be recognised as income 3. whether the grant is a specific or non-specific grant. General un-ringfenced grants are disclosed on the face of the CIES, whereas ringfenced grants are required to be credited to service revenue accounts. There may be judgements over the accounting treatment. Different conclusions may be reached by the Councils depending on how they have applied any discretion in administering the schemes and application of Code guidance.	The Council receives a number of grants and contributions and is required to follow the requirements set out in the Code. The main considerations are to determine whether the Council is acting as principal or agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income. As part of our audit work, we have: • substantively tested a sample of grants across categories and reviewed management's assessment as to whether the Council is acting as the principal or agent • for the samples selected, reviewed the completeness and accuracy of the underlying information used to determine whether there are conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income • assessed for the sample of grants received, whether the grant is specific or non specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES or not • assessed the adequacy of disclosure of grants received and judgement used by management as part of our detailed testing. Our work to date has not identified any matters to report.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious **(Green) - TBC**

2. key judgements and estimates (continued)

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision: £7.1m (PY £6.8m)	The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance The year end MRP charge was £7.1m, a net increase of £0.3m from the prior year. In 2015-16, the Council undertook a review of its MRP policy in line with the Capital Financing Regulations. Under the current statutory guidance, there are four options available to the Council: 1. Regulatory Method 2. Capital Financing Requirement Method 3. Asset Life Method 4. Depreciation Method As part of the review by the Council, consideration was given to all four options. Options 1 and 2 were not selected as those were based on more fixed approaches without much consideration on actual scenarios such as useful economic life of the financed assets. The depreciation method was based on actual depreciation charged and taking in impairments which are volatile in nature without much regard to the asset life. Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the useful life of the asset. Like many other local authorities in the region, the Council adopts option 3 as it provides a method that is linked to the useful economic life of the financed asset. For capital expenditure incurred before 1 April 2008, and for supported capital expenditure incurred on or after that date, MRP would be determined in accordance with Option 3 - Asset Life Method. For non-supported (prudentially borrowed) capital expenditure incurred after 1 April 2008, MRP would also be determined in accordance with Option 3. Within Option 3, MRP is permitted to be calculated in one of two ways – equal instalments or on an annuity basis. The Council has chosen to calculate MRP on an annuity basis. Whilst this is in line with permitted guidance, this has the effect of reducing MRP in the early years and increasing it in the later years of the asset.	• We have reviewed the Council's approach to MRP as described on the left and overleaf on page 19 • The Council's calculation of MRP has been determined in line with the statutory guidance and management assess the MRP charge to remain prudent • There have been no changes in the Council's policy for calculation of MRP since the current policy was approved by full Council in 2015-16 • As described in management's approach, the Council has set aside a budget contingency for future MRP payments where there could be increased payments towards the end of asset lives. As at 31 March 2022, this MRP reserve for future year payments amounted to £10.7m. This is a prudent and good practice adopted by the Council • Our work indicated that, overall the Council's MRP policy is prudent with appropriate application of Option of the statutory guidance, associated judgements and estimates on useful economic life of financed assets.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious (Green)

2. key judgements and estimates (continued)

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision continued	MRP will ordinarily commence in the financial year following the one in which expenditure is incurred. However, MRP guidance permits authorities to defer MRP until the financial year following the one in which the asset becomes operational. The Council has chosen to employ this method, on significant qualifying projects such as the Glassworks project which was majority completed during 2021-22 with just over £100m of assets under construction came into operation. Therefore , it is expected a higher MRP charge in 2022-23. The option remains available for the Council to use this discretion moving forwards. In applying Option 3, the Council's finance team in conjunction with the RICS qualified Council valuer review the useful lives of assets. At the time when Option 3 was first applied in 2015-16, a useful asset life of 50 years was attributed to all assets with the exception of schools which was set at 60 years. Subsequently in 2018-19, this was revised to 50 years for all assets including schools following publication of updated government regulations which stated that a maximum of 50 years could only be used for useful lives. The MRP charge is an area of increasing focus for local authority external auditors following recent high publicised financial challenges at certain local authorities where MRP charges were found to be inappropriate. For our 2021-22 audits, we have compared the MRP charge as a percentage of the Capital Financing Requirement for the General Fund. At Barnsley, the charge is £7.1m against a General Fund CFR amount of £801m – ie less than a 1% amount – which is low compared to most of our other local authorities. However, when you take into account the significant level of assets under construction that has become operational during 2021-22 and the policy adapted above, together with the MRP future reserve (see below) the Council's charge is deemed reasonable. MRP on an Annuity Basis The Council also accounts for MRP and repayment of borrowing on an annuity basis. This means all outstanding debt is 'repaid' within the 50 years as per the policy with the profile of repayments increasing over time i.e. repayments start low and increase over the 50 year term. The annuity method is permitted as per the Statutory Guidance. From a budgeting perspective the Council provides for more MRP charges than the actual charges in the early years of the debt, effectively creating an underspend and MRP reserve (this has taken place since 2015-16 and is evident in the reserves statement within the accounts). This underspend is earmarked specifically for future MRP charges where the Council know such charges will be required. As at 31 March 2022, this MRP future years reserve totals was £10.7m and is included in Note 4 to the accounts. Overall, the Council maintains an MRP model that compares future charges, the budgetary provision and the associated earmarked reserves to ensure that the MRP charges are affordable over the 50 year period. Using this model, the Council is able to appropriately set aside both budgetary provision via the MTFS and the accumulated reserves to maintain this prudent approach.	See previous page for auditor comments.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious (Green)

2. Financial Statements - other communication requirements

We set out alongside details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Council's Audit and Governance Committee and the Chief Financial Officer. We were made aware of an non-material fraud which occurred in June 2021. The Council was the victim of a fraudulent criminal activity. The Council has been open and transparent in communicating this matter promptly to us as external auditors from June 2021. We performed sufficient work in relation to this matter and reported our findings to the Audit and Governance Committee in our 2020-21 Audit Finding Report (ISA 260) and our 2020-21 Auditor's Annual Report. We also made one recommendation last year in relation to this matter. We are pleased to confirm that all actions have now been taken by the Council in relation to our recommendation - see Appendix B. The Council also reported this matter in 2020-21 Annual Governance Statement (AGS) and also highlighted this in 2021-22 AGS. Other than the matter above, we have not been made aware of any other significant incidents in the year and no other issues have been identified during the course of our audit
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	The proposed letter of management representation is included at Appendix F.
Confirmation requests from third parties	We requested from management permission to send a confirmation request to the Council's bankers, and entities who were involved with the Council's investments and borrowings. This permission was granted and the requests were sent and responded to with positive confirmations.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements to date. Our work did identify a small number of presentational disclosure amendments which have been processed by management and these are set out at Appendix C.
Audit evidence and explanations / significant difficulties	As in previous years, we have continued to experience good co-operation and engagement from the Council during our 2021-22 audit. In order to finalise our audit, we expect to receive continued timely engagement and responses from management. There are no significant difficulties to report in terms of receipt of audit evidence for all information and explanations requested.

2. Financial Statements - other communication requirements

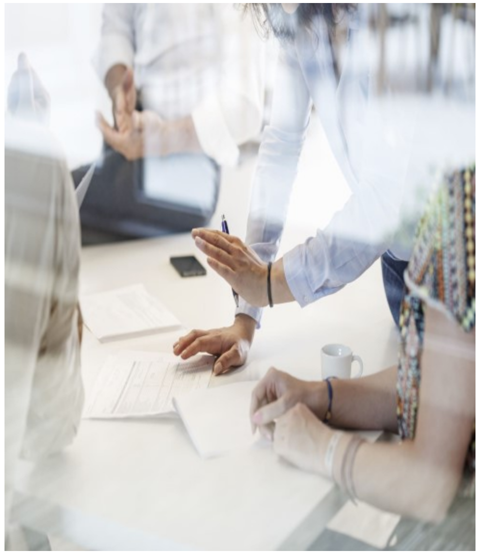
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Our work noted some disclosure omissions from the Annual Governance Statement and other minor presentational matters. Our review of the Narrative report identified some minor presentational matters. These have been adequately rectified by management. These are reported at Appendix C. We plan to issue an unmodified opinion in this respect as reported at Appendix E Overall, no material inconsistencies have been identified.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • if we have applied any of our statutory powers or duties • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness(es). We have nothing to report on these matters. Our Value for Money work is underway and is expected to be completed for the Audit and Governance Committee meeting on 18 January 2023.
Specified procedures for Whole of Government Accounts	We are required to carry out certain procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. The guidance for WGA 2021-22 work has not yet been issued and therefore this work has not yet commenced. The NAO requires the work to be completed once the audit opinion is provided on the financial statements. In 2022, the NAO increased the audit threshold to £2bn expenditure for 2020-21 WGA work, removing the requirement for an audit of the Council's prior year WGA submission. Should the threshold remain in place for 2021-22 WGA work, it is unlikely the Council will require an WGA audit review. We will update the Audit and Governance Committee once the guidance on WGA 21-22 work is published including the completion timetable.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2021-22 audit of the Council in the audit report, as detailed at Appendix E, until we have completed any required work on the WGA consolidation exercise mentioned above, completed our Value for Money responsibilities with the issue of the Auditor's Annual Report, and received the Statutory Instrument in respect of Infrastructure Assets. This is in common with the vast majority of other local authorities given the later audit deadline for the VFM work and the current lack of instructions for WGA work and anticipated guidance on infrastructure assets.



3. Value for Money arrangements

Approach to Value for Money work for 2021-22

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached at Appendix G to this report. We expect to issue our Auditor's Annual Report by 18 January 2023 for the Audit and Governance Committee January meeting. This would be ahead of the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified one possible significant weakness and our work is still ongoing in relation to this risk.

Possible Significant Weakness – Implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley

As reported to you in our Audit Plan in July 2022, our planning and risk assessment work identified one possible significant weakness in the Council's arrangements as a result of the Ofsted and CQC inspection (November 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley.

Background to this issue:

In September 2021, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Barnsley. This was to assess the effectiveness of the borough in implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014. The inspection was led by Ofsted, supported by a team of inspectors from the CQC. The report was issued in November 2021. As a result of the findings and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector (HMCI) determined that a Written Statement of Action (WSOA) was required because of significant areas of weakness in the borough's practices and arrangements.

HMCI also determined that the Council and the then Barnsley Clinical Commissioning Group (now within NHS South Yorkshire Integrated Care Board) were jointly responsible for submitting the written statement to Ofsted. In reaching their judgements, inspectors took account of the impact of the Covid-19 pandemic on the SEND arrangements in the borough. More detailed findings of this inspection and the full report can be obtained from Ofsted website.

As a result of these findings from Ofsted and CQC, our view is there is a possible significant weakness in the Council's arrangements for 2021-22 in relation to improving economy, efficiency and effectiveness in Barnsley in implementing special educational needs and /or disabilities (SEND) reforms as set out in the Children's and the Families Act 2014.

We made a key recommendation on this issue in our 2020-21 Auditor's Annual Report (AAR) on the Council's VFM arrangements. We noted that as part of our 2021-22 VFM work we will:

- review the Council's actions against the findings from the Ofsted report and our key recommendation
- review communications between the Council and CQC/Ofsted and other key stakeholders regarding the Council's actions to improve and implement SEND reforms.

Our work in this area is currently ongoing and a summary of our findings will be included in our Auditor's Annual Report in January 2023.

Other areas of focus – DSG deficit

We have not identified any other risks of significant weaknesses to date. We have continued our review of your arrangements, including reviewing your Annual Governance Statement and other key internal and external publications in order to inform our Auditor's Annual Report.

Whilst we have not identified any possible significant weaknesses in arrangements other than described on this page, we are considering, as part of our VFM work, the progress and arrangements in place in actioning the DSG deficit recovery plan where we note the DSG deficit has further increased during 2021-22 by £6.1m from £11.8m to £17.9m.

This work is also ongoing and will be summarised in our Auditor's Annual Report. From a financial statements perspective, the Council has accounted for the DSG deficit reserve appropriately under the CIPFA Code and shows this as an unusable reserve in Note 5 as DSG deficit adjustment account. Under the current regulations in respect of DSG deficits, the Council can account for the deficit as an unusable reserve up to 2024-25 after which time the deficit may become a draw on useable reserves.

Impact on 2021-22 Financial Statement Audit

It is important to note that our VFM risk assessment will continue until we issue our 2021-22 Auditor's Annual Report in January 2023.

We have considered the possible significant weakness on SEND and our other area of focus on the DSG deficit highlighted on this page and how that would impact our ISA(UK) audit of the Council's financial statements for the year ended 31 March 2022.

Our view is these issues have no material impact on our ISA(UK) audit work and therefore would not restrict us on completing the audit of the financial statements and issuing our 2021-22 audit opinion on the Council's accounts.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

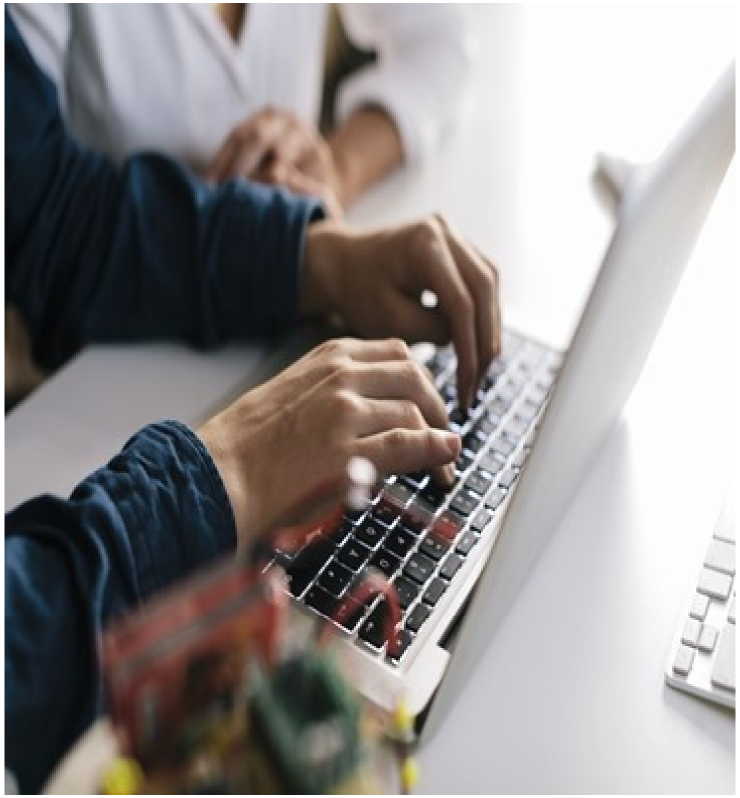
We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed at Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Transparency report 2020 (grantthornton.co.uk)



4. Independence and ethics (continued)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The following non-audit services were identified as well as the threats to our independence and associated safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related:			
Certification of Pooling Housing Capital Receipts return	6,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,000 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teachers Pension Return	7, 500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the materiality of the amounts involved are not significant to our accounts opinion, there is an unlikelihood of material errors arising, and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

4. Independence and ethics (continued)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The following non-audit services were identified as well as the threats to our independence and associated safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related continued:			
Certification of Housing Benefit Claim	*31,900	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is *£31,900 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Non-audit related:			
None	-	-	-

NOTE on Housing Benefit fee:

* The £31,900 is the base fee for the 2021-22 Housing Benefit Subsidy certification. In addition, for each 40+ HB testing undertaken:

£2,600 – where the initial work is completed by the Council

£5,800 – where the work is fully undertaken by Grant Thornton

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Governance Committee. None of the services provided are subject to contingent fees.

Appendices

Appendix A. Action Plan – Audit of Financial Statements

We have identified the following recommendations for the Council as a result of issues identified during the course of our financial statement audit. We have agreed our recommendation with management and we will report on progress on this recommendation during the course of the 2022-23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	**Long Term Sustainability of the current version of the SAP reporting System:** The Council has been using the SAP Reporting System as the main general ledger system for over 15 years. It is understood that the current version of the SAP reporting system has been used for a number of years by the Council. Our Observations: • During our work performed relating to journal testing we observed an inability to run transaction reports for all ledger codes for the purpose of our journal testing - this has not prevented us from performing our testing as we have been able to gain sufficient assurances of the ledger balance as a whole from alternative procedures. However, such procedures are excessively time consuming for both the auditor and Council staff. • Since the SAP system was installed over 15 years ago, the number of transactions and data which are posted to the general ledger has significantly increased. This gives rise to increased data management and security challenges to consider when obtaining the key outputs from the system. • The Council's current version of the SAP system does not have cloud-based functionality. This could potentially lead to loss of financial data. The current version of the system, the data is backed up onto physical hardware which may not be a sustainable option in the longer term. This leaves the Council open to potential data loss through physical damage to hardware along with increased funding requirements to maintain required hardware, to keep up with increasing demand in data storage. Whilst we acknowledge the current system is doing what is required, we believe, there are challenges around long term sustainability of the current version of the SAP system that may impact the Council's financial reporting if no action is taken in the medium term.	**Recommendation** We recommend the Council to consider other options available on financial ledgers including consideration on a more up to date version of the SAP reporting system than the current version of SAP. This could increase efficiencies that can be gained from a general ledger system, would also assist to keep up with the increasing demand on data management and protection. **Management response:** *The Council is fully aware of the long term sustainability of the SAP system, specifically the current version used by the Council will no longer be supported by SAP beyond 2025. With this in mind SOCITIM Advisory group have been engaged to review the options available to the Council with regards to the SAP system. A strategic drivers board has been organised and a series of operational workshops are now taking place to review the use and future requirements for the Council. Regular updates will be provided on progress to Cabinet and the Audit and Governance Committee*

Appendix A- IT general controls assessment findings (pages : 30 -37)

We have identified the following recommendations for the Council as a result of issues identified during the course of our IT Audit. Our IT Auditors have agreed the recommendations with management and we will report on progress on these recommendations during the course of our 2022-23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

SAP – Controls Finding

	Assessment	Issue and risk	Recommendations
1.	High	**Users with inappropriate debug access in the production environment** Our IT audit procedures identified user accounts that were assigned debug access in the production environment. We identified 21 user accounts with Debug access. **Risks** Debug access is a well-known authorization object that is deemed as sensitive. Users with this access can bypass authorizations with the debug authorization in production. Unauthorised access to the debugger ("/h") in SAP, could provide the users the capability of circumventing authorisation checks and allowing access to data or modification of data.	Management should restrict or remove access to the debugger within the production environment of SAP. **Management response:** *All user accounts and roles will be reviewed as a result of the findings. Work will be undertaken to identify and remove the role(s) containing the debug authorisation rights.* *The 21 user accounts identified are Internal SAP support team users, and external SAP Support team users.* *Changes to be implemented by January 2023.*
2.	Medium	**Users with inappropriate access to maintain all SAP Standard or Customised tables in production** Our IT audit procedures identified 25 Dialog user accounts that were assigned access to maintain all SAP standard or customised tables via SM30 or SM31. We performed further procedures to determine whether there had been changes to those tables during the audit period and observed that these users had maintained critical tables during the audit period. **Risks** Access to maintain all standard or customised SAP tables creates a risk that unauthorised table maintenance functions can be performed and result in data integrity issues.	Management should segregate a user's ability to maintain all the standard or customised SAP tables within production. We recommend that for the users identified, management should consider assigning access to relevant table groups or individuals tables via S_TABU_DIS and S_TABU_NAM authorisation objects rather than assigning the authorisation values to '*'. **Management response:** *User accounts and roles with SM30 and SM31 access will be reviewed as a result of the findings. Roles will be amended to either remove the authorisation, or amend table authorisation group restrictions.* *Changes to be implemented by March 2023* *The Council also has a wider control environment for the full operating system in place to ensure any errors that may in the unlikely event occur when maintaining the SAP tables are noticed and corrected accordingly.*

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
3.	Medium	**Inappropriate segregation of duties as users have ability to configure and delete audit logs in production** From our review, we identified 10 users with access to configure security audit logs via SM19. We performed a comparison of all users with the ability to configure audit logs within production via SM19 with those with the ability to re-organise or delete them in production using SM18 and we identified 7 users with both access rights. **Risks** Users with access to SM19 and SM18 have the ability to configure and delete audit logs on SAP. Hence, inappropriate and anomalous activity may not be detected and resolved in a timely manner.	Management should segregate a user's ability to maintain all the standard or customised SAP tables within production. We recommend that for the users identified, management should consider assigning access to relevant table groups or individuals tables via S_TABU_DIS and S_TABU_NAM authorisation objects rather than assigning the authorisation values to '*'. In addition, users with access to configure and delete security logs should have these access removed. **Management response** ***User accounts and roles with SM18 and SM19 access will be reviewed and removed as a result of the audit findings.*** *Changes to be implemented by March 2023.*

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
4.	Medium	**Users with inappropriate access to directly modify SAP roles in production** Our audit procedures identified 13 user accounts with access to directly modify roles in production using the PFCG transaction. **Risks** Access to create and modify roles directly into production creates a risk that inappropriate access within the application or underlying data may be granted without following formal user management procedures.	Management should adopt a consistent process for managing roles within production and consider the following – • Newly created roles or changes to existing roles should be implemented as transports in all circumstances. Creation of new roles and changes to existing roles should be initially performed in development, tested in quality and imported into production via transport requests. • If there are any exceptions to the process, users with the ability to directly implement new roles or perform role modifications should be assigned with Firefighter access with a set validity period based on formal approvals. • Roles should be created or modified within each development system and transported to the target systems from development. Central User Administration (CUA) client should be synced with target systems for managing user role assignments. The ability to create or modify roles within CUA client should be restricted. **Management response** *Processes are followed for creating/maintaining roles in Dev and transporting them through to the Production system. However to reduce risk we will review and remove change authorisation for PFCG in production held roles.* *Changes to be implemented by March 2023* *The Council also has a wider control environment for the full operating system in place to ensure any errors that may in the unlikely event occur are noticed and corrected accordingly.*

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
5.	Medium	**Inadequate production client configuration settings** Our IT audit identified that the Global System Change Option (SE06) settings are set to 'Modifiable' within production client. This setting allows direct changes to objects associated with ABAP software components in production. **Risks** If client settings are not configured to restrict direct changes to repository objects or cross client customizing objects associated with ABAP software components in production there is a risk that there could be unauthorised changes to financially critical production data,	Management should ensure that the parameter 'SE06 – System Change Option' settings are consistently set to 'Non-Modifiable' in production client. **Management response** *As a result of the audit findings, Global System Change Option (SE06) will be set to Non-Modifiable for production systems.* *Changed to be implemented by March 2023.*
6.	Low	**Segregation of duty conflicts between change developer and implementer roles** We performed a comparison of all users with the ability to develop changes in development with those with the ability to create/import transports in production via Standard Transport Management System (STMS). We identified that there are users with both access rights. During the audit, we identified a segregation of duties conflict for 2 users who had SAP Dev SOD access. We performed further audit procedures to determine whether there had been transports during the audit period and noted that the above users had not created and imported transports into production. **Risks** The combination of access to develop and implement those changes in the production environment creates a risk that inappropriate or unauthorised changes are made to data and/ or programs.	Management should segregate a user's ability to develop and implement changes. Privileged access to the production environment should be revoked from users that are involved in development. If for operational reasons access cannot be fully segregated, alternative options to mitigate the risk could include performing a review of change transport logs. These should be regularly reviewed for appropriateness by an independent individual with evidence retained. **Management response** *One of the accounts is of the senior SAP Basis administrator. It was agreed to leave this role with this account due to the small size of the SAP support team. If revoked this would remove this function from anyone in the internal SAP team, and therefore the ability to either create transports or to apply them for others.* *The second account is only used by SAP's technical support team. Therefore as above this role will not be revoked from this account.* *All transports are also rigorously tested both in development and live by the officers wider than those in the IT team with any issues being highlighted accordingly.*

IT general controls assessment findings

Capita Academy – Controls Finding

	Assessment	Issue and risk	Recommendations
7.	Medium	Inadequate control over generic privilege database accounts within Capita Academy During our review , we noted that for the following database admin accounts , the password is not changed after each use. Further, user activity is logged and the user can be monitored using the event log but not to the individual level who logged in: - Academy - Aisdba Risks The use of generic or shared accounts with high-level privileges increases the risk of unauthorised or inappropriate changes to the application or database. Where unauthorised activities are performed, they will not be traceable to an individual.	Management should undertake a review of all user accounts on the database to identify all the generic privileged accounts. For each account identified management should confirm the - requirement for the account to be active and be assigned privileged access - which users have access - controls in place to safeguard the account from misuse. Where possible, generic privileged accounts should be removed, and individuals should have their own uniquely identifiable user accounts created to ensure accountability for actions performed. Alternately, management should implement suitable controls to limit access and monitor the usage of these accounts (i.e. through increased use of password vault tools / logging and periodic monitoring of the activities performed) Management response *Since the audit a recent Capita Academy upgrade (October 2022) has increased login auditing. Generic account logon now also captures the specific users domain account information. As a result individual users can now be traced.*

IT general controls assessment findings

Capita Academy – Controls Finding

	Assessment	Issue and risk	Recommendations
8.	Low	Lack of review of audit logs in Capita Academy During our review , we noted that audit logs are maintained for Capita Academy, however no monitoring is performed for activities performed for privileged users/failed logins. Risks Without formal and routine reviews of security event logs, inappropriate and anomalous activity (e.g., repeated invalid login attempts, unauthorised transactions) may not be detected in a timely manner. Additionally, unauthorised system configuration and data changes made using privileged accounts will go undetected by management.	Considering the criticality of Academy Capita, management should formally review critical information security events logs for the purpose of detecting inappropriate or anomalous activity through use of generic accounts. This should include: • login activity; • unauthorized access attempts; and • privileged user activity. These reviews should ideally be performed by knowledgeable individuals who are independent of the day-to-day use or administration of these systems. Management response *Capita Academy logs are collated, but only reviewed in the case of a security breach. Consideration shall be discussed with Internal Finance and IT teams to review the monitoring of these logs for unauthorised transactions.* *As Capita Academy logins use Active Directory Single Sign On, Active Directory logs are of more importance for repeated invalid login attempts. See number 10 (Lack of review of audit logs in Active Directory) for further information.*

IT general controls assessment findings

Active Directory – Controls Finding

	Assessment	Issue and risk	Recommendations
9.	Low	**Weak password configuration settings on Active Directory** During our review, the following parameters were not set in line with the password policy/requirements defined by Barnsley MBC for their systems (including Active Directory) - Account lockout threshold - Maximum password age Further, the following parameters were not defined/documented in the Active Directory password policy: - Minimum password age - Minimum password length audit - Store passwords using reversible encryption - Account lockout duration - Reset account lockout counters after **Risks** A lack of robust password settings may allow financial information to be compromised by unauthorised users. In particular: - Short passwords can easily be guessed. - If password complexity is not configured, users will tend to choose simple, guessable words as their passwords.	Management should ensure that password settings configured on the [application] are in line with the organisation's password policy. **Management response** *Active Directory Password requirements are robust, but do not align to the current policy document. The password policy documentation will be updated to reflect recent minor AD policy changes.* *In addition an Active Directory Password review is being undertaken, this is the result of an audit for the Council's PSN accreditation, the work will see password length's increased alongside the introduction of biometrics to unlock devices utilising Windows Hello. These changes are planned to be completed by the end of Q2 2023.* *The Council also has a wider financial control environment within place to ensure any errors that may in the unlikely event occur are noticed and corrected accordingly.*
10.	Low	**Lack of review of audit logs in Active Directory** During our review , we noted that there is no monitoring of activities performed for privileged users/failed logins during the audit period. Logs are only reviewed once an incident has been highlighted. **Risks** Without formal and routine reviews of security event logs, inappropriate and anomalous activity (e.g., repeated invalid login attempts, unauthorised transactions) may not be detected in a timely manner. Additionally, unauthorised system configuration and data changes made using privileged accounts will go undetected by management.	Management should formally review critical information security events logs for the purpose of detecting inappropriate or anomalous activity through use of generic accounts. This should include: • login activity; • unauthorized access attempts; and • privileged user activity. These reviews should ideally be performed by knowledgeable individuals who are independent of the day-to-day use or administration of these systems. **Management response** *The Council is working towards the implementation of a SIEM solution that will monitor Active Directory, server logs, and monitors for correlations of misuse. The solution is based on a NCSC tool named LME, planned to be implemented by Q1 2023.*

Controls for which assurance could not be provided

Active Directory – Controls Findings

	Assessment	Control Name and Description	Reason / Justification
11.	Medium	Access to any application (in line with the starters, movers & leavers roles and responsibilities) is requested and approved by the line manager (or equivalent person) before being granted by someone from IT For leavers, requests to revoke access to any in scope application is initiated by HR and / or their line manager ahead of the actual leave date and access revoked in a timely manner	We were unable to test new starter, mover & leaver access as there was no information provided regarding the access provision for Active Directory Management Response *Specific audit information was unavailable for the required audit period. Improvements to retention and archiving data are being addressed during a major upgrade to our Service Manager software to be completed end of March 2023.* *The Starters / Movers / Leavers process is also currently under review. Options are being reviewed to further integrate with the Council's HR system, including making sure that temporary staff or contractors are included within the HR system. The council has existing processes whereby permanent staff that are leavers the HR system notifies the service desk who remove the relevant permissions, this does not cover long term sickness or maternity or contract workers that are not currently logged within the HR system.* *It is also worth highlighting that upon leaving the organisation the individual is required to return all IT equipment meaning they are not able to access the council's systems.*

Appendix B: Progress against prior year audit recommendations

We identified the following issues in our 2020-21 audit of the Council's financial statements, which resulted in seven recommendations being reported in our 2020-21 Audit Findings (ISA260) Report. The Council has provided an update against the issues and these are noted below.

Assessment	Issue and risk previously communicated	Recommendations
Medium (Now Completed)	(1) Critical judgements (Technical Annex B), financial statements: Disclosures should be of the specific judgements that have been made by the Council and the impact of those judgements on the accounts. They should not simply be reiterations of accounting policies. The current disclosures refer briefly to a number of broad areas but do not indicate the specific judgements made, the outcome of those judgements or the impact on the accounts. These should be enhanced for greater Code compliance and for the benefit of readers of the accounts.	Revisit the critical judgements disclosure for 2021-22 and ensure only items which are critical are included in line with accounting principles (IAS1), and to ensure that the precise judgment involved is described. Management response (November 2021): Management accepts the issue and will review the requirements of the Code in 2021-22 with a view to implement a more robust disclosure. Management response (July 2022): Management have reviewed the note alongside the Code of Practice. The note has now been amended to reflect specific Council judgements. For example, the Council's judgement to produce group accounts and the judgements involved with Berneslai Homes / Penistone Grammar Trust etc. GT – November 2022: Our 2021-22 audit work highlighted this note has been amended and improved in 2021-22 financial statements . As indicated at Appendix C, we made another recommendation to further enhance this note in line with relevant accounting principles. Management has actioned this recommendation. Therefore we consider this recommendation is now completed.
Medium (Now Completed)	(2) Estimation uncertainty (Technical Annex B), financial statements: Disclosures should include the carrying value of the related assets / liabilities and disclose sensitivity analysis and/or the range of possible outcomes.	Revisit the estimation uncertainties disclosures for 2021-22 and ensure they comply with the accounting principles (IAS1). The Council accounts should disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, this note shall include details of: (a) their nature, and (b) their carrying amount as at the end of the reporting period. This is what needs to be disclosed as relevant to comply with accounting principles. Management response (November 2021): Management accepts the issue and will review the requirements of the Code in 2021-22 with a view to implement a more robust disclosure. Management response (July 2022): Management have reviewed the note alongside the Code of Practice. The note has now been amended to provide quantification of the potential impact on the accounts, should estimates have been different. E.g. if asset lives had been one year less, the additional depreciation charge would have been £2.3M higher. GT – November 2022: Our 2021-22 audit work highlighted this note has been amended and improved in 2021-22 financial statements . As indicated at Appendix C, we made another recommendation to further improve this note in line with relevant accounting principles. Management has actioned this recommendation. Therefore we consider this recommendation is now completed.

Appendix B: Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Recommendations
High (Now completed)	**(3) £1.4m bank mandate fraud after the year end:** Please refer to page 13 of this report for a summary of the issue. Whilst this is not a material fraud, prevention and detection of fraud and taking appropriate actions is a key responsibility of management of any organisation. The biggest risk is, financial statements to be materially wrong due to fraud. We recognise it is not the case here as noted on page 13 of this report	We understand that internal audit has completed a detailed review of the incident and has also performed a wider review of the accounts payable team and processes. The findings from these reviews should be reported and any recommendations followed up promptly. The Council should have proactive mechanisms of fraud awareness training to relevant colleagues summarising the issues which resulted in this fraud – as a reminder to all Council staff to be alert to such schemes in order to reduce the chances of another fraud of this nature taking place again. **Management response (November 2021)** The detailed Internal Audit work into the wider accounts payable process and function was issued to management on 16 September 2021. A full follow-up audit will be undertaken in March 2022 the results of which will be reported to the Audit & Governance Committee. The Committee will receive a specific report on this matter at its meeting on 17 November 2021. The Council has undertaken a number of 'phishing' training exercises and issued communication regarding the risk of fraud perpetuated this way. All Finance staff attended sessions led by the Service Director – Finance and the Head of Internal Audit, Anti-Fraud and Assurance in July to remind staff of the need for diligence in the processing of transactions. All Accounts Payable staff and other finance staff in transactional areas received fraud awareness training in late June / early July. A programme of general and specific fraud awareness training will be developed for all Council employees relevant to their roles. A fraud awareness' course is available on the Council eLearning system which is mandatory for all new employees. The fraud risk assessment undertaken by all Business Units will also be updated for completion in January / February 2022. **Management response (July 2022):** *Internal Audit has continued to provide advice, support and challenge to the Accounts Payable team in relation to the implementation of the agreed management actions arising from the Internal Audit review undertaken (final report issued in September 2021). The majority of actions have (as at 30th June 2022) been implemented and there is a clearly defined action plan with responsible officers and implementation dates recorded to proactively manage the implementation of the remaining actions, which relate in the main to the development of revised responsibilities and processes following the Finance BU re-structure in June 2022.* *All recommendations relating to key controls have been implemented.* *A compliance review is scheduled to be undertaken during 2022-23 and this is currently being scoped in consultation with the Head of Finance and Service Director. A further targeted phishing exercise* was also undertaken in December 2021. All Operational Finance staff 'passed' that test, highlighting a high level of awareness of the phishing threat. **Management response (November 2022):** *Internal Audit continue to work closely with the AP Team to monitor implementation of the agreed management actions. Two remain in progress being longer-term actions with implementation dates by December 2022. All actions relating to the key controls have been implemented. A full compliance audit of the accounts payable system is scheduled for early 2023 and will be reported to the Audit and Governance Committee in due course.* **GT November 2022:** Now completed

Assessment	Issue and risk previously communicated	Recommendations
Medium (On going)	(4) DSG deficit: Our work indicated that regular Cabinet reporting around the DSG deficit is taking place. This is a good governance process which supports informed decision making. However, we have not seen any DSG deficit related reports going to the Audit Committee.	The Audit Committee provides scrutiny on the Council's governance, risks and financial arrangements. As a good governance practice, the Council should consider reporting the actions and outcomes on the DSG deficit reduction plans to the Audit Committee on a timely and regular basis going forward. Management response (November 2021) The Council is currently updating the Plan to reflect changes in costs and funding assumptions following the Government's announcement on schools funding on 27 October 2021. The proposed actions to bring spend to a sustainable level will also be reviewed in light of latest discussion with schools and partners. The updated DSG Management Plan will be submitted by 19 November 2021 (deadline date for approval of high needs funding transfer request by the Council). The Council will be reporting performance against the DSG Management Plan through its governance process i.e. SEND Oversight Board, Senior Management Team, Cabinet as well as the Audit Committee going forward. Management response (July 2022) On 12 July 2022, the DFE wrote to the Chief Executive / S151 Officer to formerly invite the Council to participate in the DFE's 'Safety Valve programme'. In essence this requires the Council to produce substantial plans for reform to their high needs systems that demonstrate sustainable and effective solution for Children, Young People & Families [including proposals for reaching an in-year financial balance as quickly as possible]. Formal dialogue will take place with the DFE later in the year to test out the robustness of the Council's plans and to measure the progress made in delivering against those. Management response (November 2022) : *The Council is in active dialogue with the DFE in respect of the Safety Valve Programme. A series of meetings are planned for autumn / winter 2022 to discuss and agree a way forwards with the current DSG deficit. It is anticipated that a resolution will be agreed by 1st April 2023 for the forthcoming financial year.*
Medium (On going)	(5) Land and Buildings Valuation date: Our work on land and building valuations indicates that the reported valuation date remains at 1 April (12 months from the year end date). This results in a lot of audit challenge from us, and a lot of work for the Council's finance team and its valuer, to justify that the valuation of assets on 1 April remain materially accurate as at 31 March. The Council has moved the valuation date of its council dwellings to 31 March and a number of our other local authority audit clients have moved all their valuation dates to 31 March, or much closer to the balance sheet date. We understand from discussions with management that the valuation date for land and buildings could be moved closer to 31 March, which should enable a more efficient valuation process and audit approach going forward.	The Council should consider moving its valuation date for land and buildings closer to the balance sheet date of 31 March. Management response (November 2021) Management appreciates the Auditor's point in terms of audit challenge in terms of land and buildings valuations. Management will review the arrangements for the 2021-22 accounts considering all of the relevant practicalities of the valuation process. Management response (July 2022): Early during the process for the 2021-22 accounts, discussions took place between finance and estates colleagues with a view of bringing the effective valuation date closer to year end. It was agreed that the most practical date would be 30 September, which allows enough time for the surveyors to undertake the significant level of physical asset valuations that are required, in order for the Council to meet its statutory obligations. Also, as in previous years, the valuation team will continue to sense check significantly valued assets as at 31 March to ensure that they are not materiality different to their 30 September valuation. GT Comment (November 2022): The Council should further consider this and check the practicalities of moving this closer to 31 December as number of our clients have moved this to 31 December or 31 March valuation dates. Management Comments (November 2022): *The Council will explore the possibility of further progressing the valuation date to closer to the financial year end, whilst considering the practical implications for the Council's internal valuers and their workloads*

Appendix B: Progress against prior year IT recommendations

Assessment	Issue and risk previously communicated	Recommendations
Medium On going	(6) SAP General Control assessment findings - Inappropriate access to transactions SM36 and SM37 During our IT audit, we observed a number of user accounts with access to manage batch and background jobs for all users (via SAP t-codes SM36 / SM37 and the S_BTCH_ADM SAP authorisation object). Specifically, the following was noted: ▪ view batch jobs: 48 users ▪ create / amend batch jobs: 48 users The users' access is restricted (via the S_BTCH_JOB SAP authorisation object) to a subset of administrator actions that cannot release or modify other users' jobs. However, the accounts can delete jobs for other SAP users including system accounts. Of the 48 users, 38 were classed as "Standard" users which means they work within the Council service departments, (Ie not in IT or Technical). We were unable to fully identify the roles of the 38 "Standard" users with access to SM36 and SM37. We understand that some of the users work in financial services, creating a Segregation of Duties issue. This finding was previously reported in our 2018-19 and 2019-20 IT review. However, we are pleased to note the numbers of users with this access has decreased from 3150 to 38 in that period. Risk Access to this functionality within SAP gives users the ability to delete batch jobs owned and configured by other users. Where this ability is not appropriately restricted a risk is created that batches may not consistently run per design and that functions, including updating and processing data, may therefore not operate leading to a risk to underlying data integrity.	Management should review access assigned to these users to ensure that batch management utilities are restricted to appropriate users and based on job role requirements. Specific review should occur to all users assigned access to delete other users' batch jobs given the risk created that this could be used to circumvent other access controls and have an impact on data integrity. Management response: (November 2021) This is still an outstanding action and a full review of the remaining users requires further collaboration work with IT & Finance to understand the roles and needs. Once established, further controls can be placed to reduce the numbers where possible. Management response: (November 2022) *When locked accounts and both internal and external system administrators are removed, the number of users with access has reduced again to 31. Work is ongoing to ascertain the impact on individual users of removing these transactions from individual roles, as impacts are potentially extensive and will prevent jobs being carried out. The small number of users and other controls within the system give management assurance that the ongoing risk is low*

Appendix B: Progress against prior year IT recommendations

Assessment	Issue and risk previously communicated	Recommendations
Medium (Now completed)	(7) Cyber Security assessment findings - The Payment Card Industry Data Security Standard (PCI-DSS) Certification was not in place during the period of the Audit. In order to provide assurance that certain standards of cybersecurity are in place for processing of payment cards, the organisation applies for a Data Card Industry Data Security Standard Certification. For the period of the audit, no certification was in place, without this certification, many card providers may charge a higher fee or refuse to process card transactions for the organisation. A successful PCI-DSS application was submitted following the year end and a certification obtained during September 2021. Risk: Where independent certification to confirm standards and certain controls are in place, are not met, there is a risk that the control environment is not effective and could lead to serious breaches of personal data and card details.	It is recommended that the Council ensures that all relevant certifications are in place and legislation is complied with. A breach of the PCI-DSS resulting in a period of non-certification could result in: ▪ the Council not being able to take payments by card ▪ increased fees being charged ▪ a loss of protection for BMBC and the customers when taking payments ▪ fines ▪ card replacement costs ▪ costly forensic audits ▪ brand damage, etc., should a breach event occur ▪ a breach of data ▪ loss of sensitive data. Management response (November 2021) Since the period of the IT audit, the Council has achieved a successful PCI-DSS certificate. Moving forwards, the Council will ensure that this certificate is achieved to mitigate this risk.

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves
No adjusted misstatements impacting CIES and SoFP noted to date.	-	-	-
Overall impact	-	-	-

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

No.	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
1.	Disclosure	**Prior Period Adjustment (PPA):** As indicted on page 13, Barnsley Metrodome was incorrectly reported as a lease when it was always owned by the Council. Considering this is a material error, under relevant accounting standards (IAS 8), this requires a PPA disclosure. The disclosure amount corrected in 31 March 2021 column was £20,828k. This has no impact to opening reserves as indicated on page 13. This note was restated and additional disclosures added in line with IAS8 accounting principles.	Note 25, page 78	✓
2.	Disclosure	This note indicated the Council leases out a number of properties to Community organisations, Public Bodies and Housing Associations for an ongoing rental. Included within these leases are a number of properties that are classified as Investment Properties on the Council's Balance Sheet This statement is incorrect and needs to be amended and also inconsistent with note 20, Investment Properties. The Council has no investment properties (as indicated in note 20) under the Code and IAS40 definitions. This note was corrected and removed the fact that there are investment properties	Note 25, page 80	✓
3.	Disclosure	Covid -19 General Grants are £8,215K and Section 31 Grant £15,555k. The disclosure of these were originally the other way. This has been updated in the revised accounts.	Note 15, page 63	✓
4.	Disclosure	Our review of the draft Annual Governance Statement (AGS) and Narrative Report highlighted some disclosure misstatements and compliance with the relevant guidance. These have now been updated in the final versions of the AGS and the Narrative Report.	AGS (separate document) and Narrative Report (included with the SoA)	✓

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

No.	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
5.	Disclosure	A number of 2020-21 comparative columns indicate 'restated'. This is not correct as the numbers are the same as 2020-21 audited statement of accounts and there were no restatement of these numbers. The reference to restated has been removed in the revised accounts.	CIES, pages 30 and 31	✓
6.	Disclosure	On 2020-21 comparatives: There is a £2,058K difference between Total Reserves in the Audited Accounts which was £134,912K and Total Reserves reported £136,970k. This is in relation to Berneslai Homes net pension liability net adjustment taking into account March 2021 year end instead of December 2020. This is also reported in our 2020-21 Audit Finding Report and clearly immaterial. We requested management to include a narrative note to clearly highlight in the group accounts sections to explain this difference.	Group Balance Sheet page 113	✓
7.	Disclosure	Other Land and Buildings Impairment increase of £79,106k (from £28,541k to £107,647k). This is considered a significant change from last year and very material. For transparency purposes for the reader to understand this difference, we recommended management adds a narrative note underneath note 59, as to why this has increased - which is mainly due to Glassworks site coming into use after completion. This has now been added in the revised accounts.	Page 59, note 10, Impairment , revaluation losses	✓
8.	Disclosure	Audit fees paid to Grant Thornton was updated to reflect the 2021-22 grant certification fees in line with Appendix D of this report	Note 14, Audit Fees	✓
9.	Disclosure	(a) Group Accounts: it says where the Council is judged to hold effective control, those entities are included in the Council's group boundary. This is not technically correct as materiality is a consideration. This note has been updated to capture that. (b) Schools – it is not clear from the narrative what is the critical judgement. Both (a) and (b) were updated to correct theses in the revised accounts.	Critical Judgements in Applying Accounting Policies , Page 139, Technical Annex B	✓
10.	Disclosure	Under IAS1, The Council's accounts should disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, this note shall include details of: (a) their nature, and (b) their carrying amount as at the end of the reporting period. The draft accounts included two disclosures that were not material or just material in this note. Those were provisions and provisions for bad debt. These two estimates would not result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as required by IAS1. We recommended management should consider removing these two disclosures from this note to comply with IAS1. In the revised accounts, both provisions and provisions were bad debts were removed from this note.	Key Assumptions made about the future and other major sources of estimation uncertainty, page 140, Technical Annex B	✓
11.	Disclosure	The accounting policy note did not include a policy on Community Assets under Property Plant and Equipment. Further to our discussions , the accounting policy was updated to reflect this	Accounting Policies , page 124 - 138	✓
12.	Disclosures	Other minor presentational adjustments were made throughout the financial statements on various pages to further improve disclosures.	Various	✓

C. Audit Adjustments

Impact of prior year unadjusted misstatements 2020-21

The table below provides detail of adjustments identified during the 2020-21 audit which were not been made within the final set of financial statements due to their immaterial nature. We can confirm that these have been accounted for/adjusted in 2021-22 financial statements. There is no impact of this to 2021-22 audit and the audit approach. See updated below in the right hand column.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves £000	Reason for not adjusting in 2020-21	Update in 2021-22
Incorrect treatment of a supplier invoice: PPE - Assets Under Construction to be reduced Short Term Creditors to be reduced Incorrectly recording a supplier invoice regarding the Glassworks construction by £735K. The recorded value was £735k more than the actual invoice value. However, it should be noted that actual payment was made to the correct invoice value	N/A N/A	735 735	N/A N/A	Management does not consider this amount to be material to the Council's accounts.	Incorporated /adjusted in 2021-22 accounts. No impact to our audit approach and materiality determination in 2021-22.
Incorrect additional depreciation charge on HRA assets: This reflects the additional depreciation incorrectly charged on council dwellings. There is no impact on the Council's useable reserves arising from this as depreciation is 'reversed out' before hitting the General Fund.	1,301	1,301	None – reserved out in the MIRS	Management does not consider this amount to be material to the Council's accounts.	Incorporated /adjusted in 2021-22 accounts. No impact to our audit approach and materiality determination in 2021-22.
Group Pension Fund Liability – this only impacts the Group Accounts) Reduce Group Pensions Liability by £2,059k and the Group Pension Reserve by £2,059k.	See detail section	See detail section	None – reserved out in the Group MIRS	Management does not consider this amount to be material to the Council's accounts	Incorporated /adjusted in 2021-22 group accounts. No impact to our audit approach and materiality determination in 2021-22.
	£1,301	**£1,301**	**£Nil**		

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee per Audit Plan July 2022	Final fee
Council Audit	£180,468	£180,468
Total audit fees (excluding VAT)	**£180,468**	**£180,468**

Non-audit 'audit related' fees for other services:	Proposed fee	Final fee
Certification of Pooling Housing Capital Receipts return	£6,000	£6,000
Certification of Teachers Pension Return	£7,500	£7,500
Certification of Housing Benefit Claim	£31,900	see note below
Total non-audit fees (excluding VAT)	**£45,400**	**£45,400***

The fees reconcile to the revised version of the financial statements following an amendment to the draft accounts in Note 14 - External Audit Costs.

Note on Housing Benefit fee:

* The £31,900 proposed above is the base fee for the 2021-22 Housing Benefit Subsidy certification. In addition, for each 40+ HB testing undertaken:

£2,600 – where the initial work is completed by the Council

£5,800 – where the work is fully undertaken by Grant Thornton

E. Audit opinion – update

We anticipate we will provide the group and Council with an unmodified 'clean' audit report – see below

The Statutory Instrument is expected to resolve the infrastructure accounting issue across the sector (see pages 1 and 13) and should all other aspects of the audit be concluded appropriately, we would expect to issue a clean (unqualified) audit opinion at that time.

F. Management Letter of Representation (draft)

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP

No 1 Whitehall Riverside

Leeds LS1 4BN

16 November 2022

Dear Sirs

Barnsley Metropolitan Borough Council
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Barnsley Metropolitan Borough Council and its subsidiary undertakings, Berneslai Homes Limited and Penistone Grammar Trust for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

F. Management Letter of Representation (draft)

vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii Except as disclosed in the group and Council financial statements:

a. there are no unrecorded liabilities, actual or contingent

b. none of the assets of the [group and]Council has been assigned, pledged or mortgaged

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv The prior period disclosure adjustment disclosed in Note 25 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

xv We confirm that the Life Cycle Account and the balances held in this bank account as at 31 March 2022 is not controlled or owned by the Council and therefore not included in the financial statements as at 31 March 2022.

xvi We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

F. Management Letter of Representation (draft)

xvii We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvii The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

xix We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.

xx We have communicated to you all deficiencies in internal control of which management is aware.

xxi All transactions have been recorded in the accounting records and are reflected in the financial statements.

xxii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxiiii We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements

xxiv We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxv We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxvi We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

xxvii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

xxviii Any other matters that the auditor may consider appropriate – TBC before issuing the audit opinion

F. Management Letter of Representation (draft)

Annual Governance Statement

Xxix We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

Xxx The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 16 November and fully approved and signed off by the relevant members at the full Council meeting on 24 November 2022.

Yours faithfully

Name.………………………….   Name ……………………………..

Position.…………………………   Position …………………………..

Date.…………………………..   Date ……………………………...

Signed on behalf of the Council

G. Audit letter in respect of delayed VFM work

Councillor Phillip Lofts
Chair of Audit and Governance Committee
Barnsley Metropolitan Borough Council
PO Box 634
Barnsley
S70 9GG

Grant Thornton UK LLP
Whitehall Riverside
Leeds
LS1 4BN
T +44 (0)113 245 5514

16 November 2022

Dear Cllr Lofts,

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, as in the prior year, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected.

The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions on the financial statements as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 18 January 2023 to coincide with the January meeting of the Audit and Risk Committee.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Gareth

Gareth Mills
Key Audit Partner and Engagement Lead for Barnsley Metropolitan Borough Council

grantthornton.co.uk