

Barnsley Metropolitan Borough Council Audit Progress Report

Year ending 31 March 2023

6 March 2023



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Introduction

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

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications at <https://www.grantthornton.co.uk/industries/public-sector/>

We have also included (Appendix A) the latest Grant Thornton publication (March 2023) on exploring the reasons for delayed publication of audited local authority accounts in England, for your information.

If you would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Thilina or Gareth.

Audit progress as at the end of February 2023

Financial Statements Audit 2021-22

We are pleased to report that we issued our 2021-22 audit opinion on your financial statements and final 2021-22 Audit Finding Report (ISA 260) on 20 January 2023.

As reported in our Audit Findings (ISA260) Report to the Audit and Governance Committee in November, our audit was substantially completed at the end of November, as planned, with the exception of the national infrastructure accounting issue.

The Statutory Instrument 2022 number 1232 came in to force on 25 December 2022. As a result, CIFPA updated the previous guidance, providing a temporary relief to local authorities not to report the gross book value and accumulated depreciation for infrastructure assets. This temporary relief was applied from the 2021-22 Code up to and including the 2024-25 Code. We worked through the implications of this matter with the Council's senior finance team, resolving all issues and allowing us to complete the financial statement audit in January.

Formal closure of 2020-21 Audit

Further to issuing your 2020-21 audit opinion on 26 November 2021, Members may recall that the 2020-21 audit was 'left open' as a result of the national infrastructure accounting issue stated above and uncertainties over the 2020-21 Whole of Government Accounts audit requirements. Given both issues are now resolved, we formally closed off your 2020-21 audit by issuing our audit certificate on 21 February 2023.

Value for Money arrangements review 2021-22

Our Value for Money Work for 2021-22 is progressing well and we are planning to agree and finalise our Auditor's Annual Report (AAR) with management by the end of March 2023. We would be happy for the report to be circulated to Audit Committee members once agreed with management, given that the next Committee date has been moved from April to May.

As in 2020-21 and also reported in our 2021-22 Audit Opinion on 20 January 2023, we have identified one significant weakness in the Council's arrangements in relation to implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley. This is as a result of CQC/Ofsted report issued in November 2021 – the findings of which were still relevant in assessing the Council's arrangements as at 31 March 2022.

To date, we have not identified any other significant weaknesses as part of our 2021-22 VFM work. Our AAR will be presented to the Audit and Governance committee on 31 May 2023.

Financial Statements Audit 2022-23

As the Redmond Review set out in 2020, and from our presentations and training sessions to Members over the past 18 months, the public sector external audit market is under significant pressure for a variety of reasons. These challenges have culminated in the timeliness of issuing audit opinions across the local authority sector.

In addition, the decision for NHS Clinical Commissioning Groups to be extended to 30 June 2022, prior to forming NHS Integrated Care Boards on 1 July, has created a significant number of part-year accounts audits to be delivered in 2023, largely by the same auditors and audit firms who deliver local authority audits.

Given this situation, we believe it is appropriate to highlight to you that achieving a signed opinion on your 2022-23 accounts by the current national statutory date of 30 September 2023 is unlikely. We believe targeting our sign off of the 2022-23 accounts for November is a more realistic and achievable date. A November completion date would be consistent with our 2019-20 and 2020-21 opinions, and with our 2021-22 audit work (with the exception of the national infrastructure issue).

We wish to note that this proposed timetable is in no way a reflection of the finance team or the wider Council, it is entirely as a result of the level of public sector audit work to be delivered by our team across our NHS and local authority client base.

We have commenced some of our initial planning work for your 2022-23 financial statement audit. It is important to note that we have a consistent and experienced audit team in place to deliver the Council's 2022-23 accounts audit and one that has been subject to positive regulatory inspection in recent years – giving Members the assurance over the level of audit documentation and audit quality of our work. This also aides the efficiency of the audit given our cumulative audit knowledge and experience of the Council.

As part of our 2022-23 audit planning to date we have held a number of meetings with key team members of the finance department to discuss accounting issues and logistics. We will continue to have regular dialogue and engagement with the Council throughout the 2022-23 audit process.

Progress as at the end of February 2023 (cont.)

Meetings

We met with your Chief Executive, s151 officer and the Monitoring Officer on 24 February as part of our quarterly liaison meetings.

We continue to be in discussions with Authority's senior management regarding strategic priorities, financial, legal matters and any other emerging developments that could impact on our audit work. Our aim is to maintain a regular dialogue with senior management at the Council in order to ensure a continued smooth and efficient audit process.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority.

Your finance officers attended our Accounts Workshop in January and February 2023, where we highlighted financial reporting requirements for local authority accounts in 2022-23 and gave insight into elements of the audit approach.

Audit Deliverables

2021-22 Deliverables

Audit Plan

We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report

Planned Date

July 2022

Status

Completed

Audit Findings (ISA260) Report

The Audit Findings Report will be reported to the November Audit and Governance Committee.

November 2022

Completed

Auditors Report

This includes the 2021-22 opinion on your financial statements.

January 2023

Completed

Auditor's Annual Report on the Council's VFM arrangements

This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.

By end of March
2023

To be completed and agreed with management by the end of March 2023.

We will report to the Audit and Governance Committee on 31 May 2023.

Audit Deliverables

2022-23 Deliverables	Planned Date	Status
<p data-bbox="51 467 208 499">Audit Plan</p> <p data-bbox="51 515 1563 619">We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2022- 23 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report</p>	31 May 2023	Not yet due
<p data-bbox="51 691 488 722">Audit Findings (ISA260) Report</p> <p data-bbox="51 738 1279 770">The Audit Findings Report will be reported to the November Audit and Governance Committee.</p>	15 November 2023	Not yet due
<p data-bbox="51 842 282 874">Auditors Report</p> <p data-bbox="51 890 768 922">This includes the opinion on your financial statements.</p>	By 30 November 2023	Not yet due
<p data-bbox="51 994 887 1026">Auditor's Annual Report on the Council's VFM arrangements</p> <p data-bbox="51 1042 1469 1106">This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	17 January 2024	Not yet due

Appendix A

Exploring the reasons for delayed publication of audited local authority accounts in England – Grant Thornton

Recent performance against target publication dates for audited local authority accounts in England has been poor. There are some reasons for optimism that there will be an improvement in the timeliness of publication of audited accounts as foundations are being laid for the future.

In this report we explore the requirements for publication of draft and audited accounts and look at some of the reasons for the decline in performance against these requirements over time. Only 12% of audited accounts for 2021/22 were published by the target date of 30 November 2022. There is no single cause for the delays in completing local authority audits, and unfortunately there is no quick solution in a complicated system involving multiple parties. We consider a variety of factors contributing to delays, note the measures which have already been taken to support the local audit system and make recommendations for further improvement.

There are some reasons for cautious optimism that the system will begin to recover and there will be a gradual return to better compliance with publication targets. However, we consider that these are outweighed by a number of risk factors and that the September deadline for audited accounts set by DHLUC is not achievable in the short term and also not achievable until there is further significant change in local audit and local government.

We note the following matters that are yet to be tackled:

- clarity over the purpose of local audit
- the complexity of local government financial statements
- agreement on the focus of financial statements audit work
- an improvement in the quality of financial statements and working papers

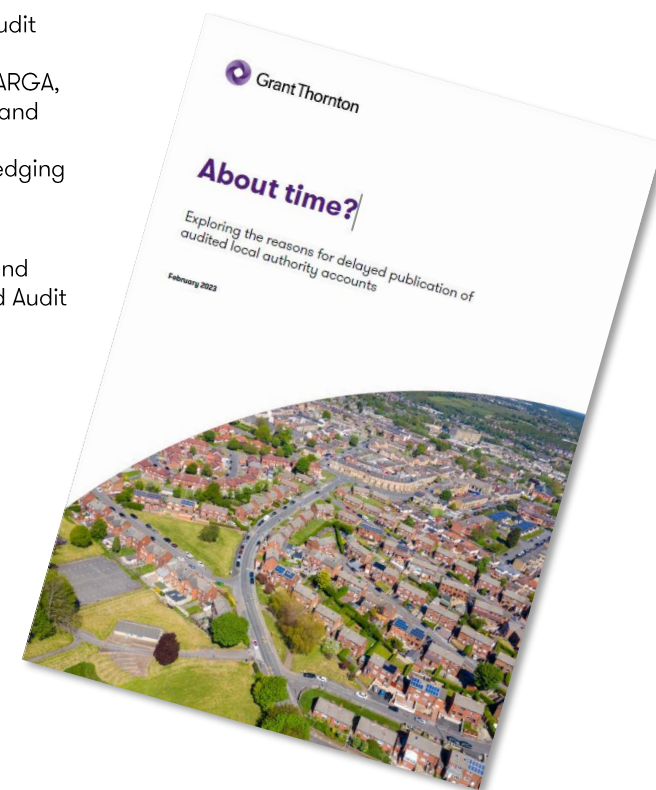
- an agreed approach to dealing with the backlog of local government audits
- Government intervention where there are significant failures in financial reporting processes

All key stakeholders including local audited bodies, the audit firms, the Department for Levelling Up Housing and Communities, PSAA, the NAO, the FRC and its successor ARGA, CIPFA and the Institute of Chartered Accountants in England and Wales will need to continue their efforts to support a coherent and sustainable system of local audit, acknowledging that it will take time to get things back on track.

We make recommendations in our report for various stakeholders, including Audit Committees and auditors, and include a checklist for consideration by management and Audit Committees within an Appendix to the report.

Read the full report here:

<https://www.grantthornton.co.uk/insights/report-key-challenges-in-local-audit-accounting/>





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