

External audit: presentation to Full Council

Barnsley Metropolitan Borough Council

24 November 2022



Your external audit team

- Dedicated, local public sector team for Yorkshire clients
- External auditors to a number of local authorities and NHS bodies across Yorkshire
- Leading external audit provider to the public sector



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Purpose of the session

1 Overview of the role of External Audit

2 Summary highlights of work performed in 2021-22:

- ✓ Accounts audit
- ✓ Use of Resources, Value for Money arrangements review to date



What is the role of External Audit?



To provide independent assurance to those charged with governance (Full Council) by:

- ✓ giving an opinion on the Council's annual accounts
- ✓ 'true and fair' view of assets and liabilities at 31 March and financial performance in the year
- ✓ report on whether we are satisfied the Council has proper arrangements for the use of resources



To consider the use of our special reporting powers if any issues of significant concern:

- reports in the Public Interest
- responding to an Objection on the accounts



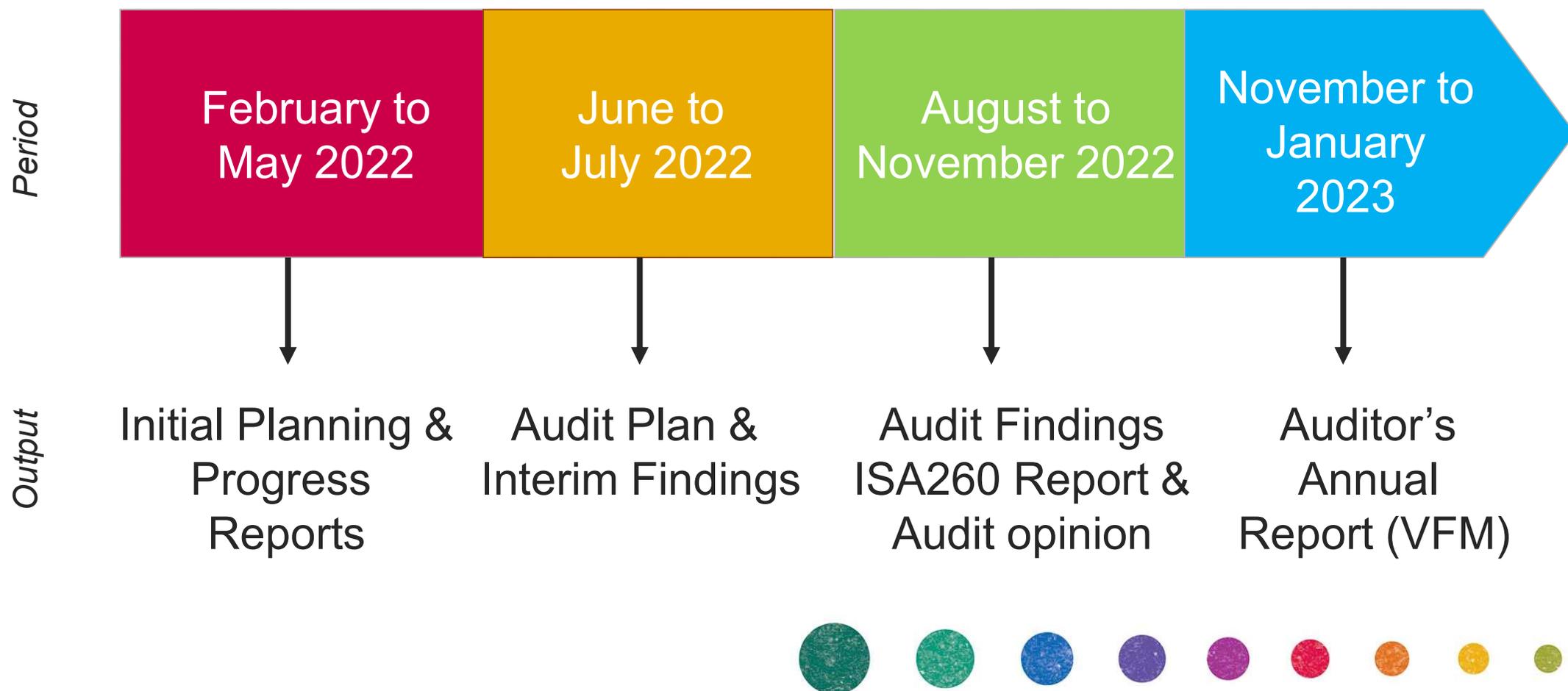
What is the role of External Audit?



- ✓ To perform any work required by the NAO Code of Audit Practice and CIPFA Code of Practice
- ✓ review of your Annual Governance Statement and Narrative Report
- ✓ Focus on ensuring proper arrangements in place on key developments and areas of risk at the Council
- ✓ Reviewing your Whole of Government Accounts return
- ✓ Take into account other regulatory reports on the Council – eg on VFM work looking at Ofsted Reports on BMBC



How do we perform our role? – a year round relationship



What were our key findings in 2021-22 – accounts?

- **unqualified ‘clean’ audit opinion expected to be issued**
- regular liaison with senior finance team and wider management
- good working papers provided & good engagement from Council staff
- no major weaknesses in financial systems:
 - but need for long term sustainability review of SAP ledger system
 - Council aware of this and advisory group set up to look at options
- **no audit adjustments impacting on useable reserves**
- small number of other audit adjustments & presentational amendments



What were our key findings in 2021-22 – accounts?

- National issue on Infrastructure accounting (eg roads and bridges)
- Majority of infrastructure councils not accounting in line with CIPFA Code
- Impacts across the local authority sector, not just BMBC
- Awaiting the issue of a Statutory Instrument (SI) from DLUHC
- The SI expected in “late December” & should prevent qualified opinions
- Given timings, majority of council accounts to be signed in January 2023
- **Important to note – this issue does not impact on useable reserves!**



What were our key findings in 2021-22? – Value for Money

- second year of the new audit approach to the use of resources audit
- review of the Council's arrangements in 3 areas:
 1. Financial sustainability
 2. Governance
 3. Improving economy, efficiency and effectiveness – “the 3Es”
(service delivery, performance and outcomes)
- same timetable for 21-22 – completed within 3 months of a/cs sign off
- we are aiming to conclude the VFM work in January 2023
- **no VFM issues preventing our signing of the 21-22 accounts**



What were our key findings in 2021-22? – Value for Money

- Ongoing work on the prior year significant weakness in arrangements:
 - Ofsted/CQC SEND review from November 2021
 - Written Statement of Action from BMBC & the CCG (now ICB)
 - review of work done by the Council in response to the above matters
- Area of focus - Dedicated Schools Grant (DSG) deficit:
 - DSG deficit increased by £6.1m in 21-22, from £11.8m to £17.9m
 - This is a common challenge amongst a number of local authorities
 - Aware Council is actively engaged with DfE on 'Safety Valve' support
- Our findings on the VFM audit will be included in our Auditor's Annual Report in January 2023



Summary and Questions

- clean audit opinion expected to be issued after SI on infrastructure
- no material issues identified impacting on useable reserves
- good level of engagement from the Council throughout the year
- the Council is in a good financial position despite sector challenges
- VFM work is ongoing & we aim to finalise in January 2023
- key areas of focus will be on SEND, DSG and financial environment





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