

# Audit Progress Report

Manchester City Council

September 2021



1. Audit Progress
2. National Publications

# 01

Section 01:  
**Audit Progress**

# Audit Progress

## **Purpose of this report**

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

## **Audit progress**

### **2019/20**

We have not yet completed and submitted our audit work on the Council's 2019/20 Whole of Government Accounts (WGA) submission and have not therefore completed the final element of our 2019/20 audit. We are awaiting responses to our final audit queries and the Council has yet to receive a response to their queries to the national WGA team regarding IT related issues with their electronic submission.

### **2020/21**

We received draft accounts in August 2021 when they were published on the Council's website. We have commenced our detailed audit work on the statements and this work will continue through September and October. We expect that our audit will be remote based again and we have set up weekly liaison meetings with the Council's finance team to discuss the audit progress and minimise the risk of unnecessary audit delays. The work is in its early stages and there are no issues to report to committee at this stage.

# 02

Section 02:

**National Publications**

# National Publications

	Publication/update	Key points	Page
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1	Financial sustainability of local authorities visualisation: update	Updated summary comparative analysis	7
CIPFA			
2	Code of Practice on Local Authority Accounting in the United Kingdom 2021/22	New code for 2021/22	8

# NATIONAL PUBLICATIONS

## National Audit Office

### 1. Financial sustainability of local authorities visualisation: update, July 2021

The data visualisation describes changes in English local authorities' financial circumstances over the last decade.

It updates a number of pieces of analysis originally set out in the NAOs 2018 report Financial sustainability of local authorities 2018 and its accompanying data visualisation (2018). It also draws on and updates analysis and findings from their 2016 report Financial sustainability of local authorities: capital expenditure and resourcing and its data visualisation (2016), and the 2020 report Local authority investment in commercial property.

Key themes explored in the data visualisation include:

- Reductions in revenue funding
- Growth in some new and alternative income streams
- Changing patterns of service spending
- New capital investment strategies and associated risks
- Changing patterns of financial sustainability

<https://www.nao.org.uk/other/financial-sustainability-of-local-authorities-visualisation-update/>

# NATIONAL PUBLICATIONS

## CIPFA

### 2. Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, June 2021

Local authorities in the UK are required to keep their accounts in accordance with 'proper (accounting) practices'. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2021/22 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2021.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies.

This edition of the Code introduces a number of important amendments relating both to context and an understanding of requirements. Changes include:

- Reframing the Code requirements in terms of UK-adopted standards rather than EU adopted standards, reflecting the United Kingdom's withdrawal from the European Union.
- Confirmation of the accounting arrangements for the Dedicated Schools Grant to reflect changes to the statutory requirements.
- Amendments to confirm the existing adaptation in the Code for standards issued but not yet adopted.
- Augmentations to the reporting of estimation uncertainty.
- Confirmation of the reporting requirements for interest rate benchmark reform.

Importantly, the Code includes an appendix on the future implementation of the IFRS 16 Leases standard, which has been deferred for a further year. The appendix sets out the anticipated provisions in the 2022/23 Code and it will allow local authority accounts preparers to make effective preparations for the implementation of the standard in the 2022/23 financial year. Note that early adoption of IFRS 16 is not permitted, with the exception of Transport for London.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202122-online>

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