

Audit Progress Report

Manchester City Council

April 2022



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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

2020/21 Financial statements work

Our audit of the Council's financial statements has continued and we are approaching completion of the audit.

The audit this year has been exceptionally challenging as the Council, and we, have continued to work remotely. Despite the challenges we have both faced the audit has continued to progress, and we are extremely grateful for the support and assistance that the Council's finance team have provided us during the audit. They have continued to support the audit process despite the lengthier time this has taken, with the knock-on impact on other key areas of work such as the budget setting process. This has caused significant challenges for the finance team as they respond to our audit requests at a time when the audit would normally be completed. It is a testament to the strong working relationship that we have both established that the audit has continued to progress and now nears completion.

In advance of us presenting our Audit Completion Report at the end of the audit, we have highlighted below three of the areas where our audit has identified issues in order to provide Audit Committee insight into the key outcomes of the audit:

- The valuation of Property, Plant & Equipment (PP&E): We have some outstanding final queries on the valuations across the categories of PP&E. The valuation of land & buildings and investment properties is a complex area, and to assist with our audit assurance we engage our Mazars property valuation expert. Our testing, including the work carried out by our valuation expert, has identified some issues with the valuation of some assets. In some cases the Council's valuer has revisited the valuation and the Council has amended the accounts to reflect the updated valuation. In other cases we have concluded that the Council's valuation falls outside of our expectation of a reasonable valuation range for the asset. In order to be able to conclude that the valuations are materially accurate overall we undertook testing on an additional sample of assets. The work on this additional sample is almost complete pending clarification from the Council on one of the valuations.
- Cash balances: The Council identified material errors with the cash at bank balances which also impacted on the short term debtors and short term creditors balances, and has amended the draft accounts for these items. Our testing of the cash balances has identified additional issues which, as they are not material, the Council has not amended in the accounts. These issues include including one account twice whilst omitting a different account.
- Consolidation of group financial statements: The consolidation of the group financial statements is a complex area involving revaluation of the group entities' PP&E, and to assist our audit we have engaged our Mazars property valuation expert. Following audit queries and discussions, the Council has made adjustments to the Group financial statements, and there are some final queries which are being considered by the Council.

Audit Progress (continued)

2020/21 Financial statements work

We are also aware of a national issue regarding the accounting for Council infrastructure assets and this has caused further delays. The Council, and we, are awaiting further information for the sector on the proposed way forward in order to complete and conclude the audit.

2020/21 Value for Money arrangements audit work

We have previously reported to Audit Committee that the revised NAO Code of Audit Practice has changed our work on the Council's value for money arrangements for 2020/21. We have had regular discussions with Council officers to understand the Council's arrangements, and received supporting evidence and information on the Council's arrangements in January. We have made good progress in completing our fieldwork since January. We have substantially completed our work now, and will follow up with the Council officers to obtain any further information required. There are no matters to draw to your attention at this stage. We intend to formally report on our VFM arrangements work at the same time as we complete and report our work on the financial statements.

02

Section 02:

National Publications

National Publications

This section highlights the recent national publications that may be of interest to Members of the Committee. If you require any additional information please contact any member of your engagement team.

We have, in the table below, provided a brief insight into the purpose/key points of the publications with indicative relevance and/or suggested action using the following ratings:

- Action required
- Action suggested
- For information only.

	Publication/update	Key points	Action
CIPFA			
1	The Art Of Local Government Reorganisation	This guide to local government reorganisation in England draws on the experience of local government leaders and the expertise of sector specialists to explore the history of reorganisation, find out what works and unlock the secrets of success.	●

NATIONAL PUBLICATIONS

CIPFA

1. The Art Of Local Government Reorganisation, February 2022

This practitioner-focused guide to local government reorganisation in England seeks to bring clarity to this complex issue and provide insight into what reorganisation might mean for individual local authorities and the communities they serve. Broken down into topic specific chapters, each one begins with an overview of the key themes addressed within it and includes a series of questions to promote deeper consideration and discussion within your organisation.

It is aimed at local government practitioners, senior managers and elected members who are considering local government reorganisation for their own authority or who would like to simply find out more. It will also be of interest to individuals and organisations that may seek to support local authorities through the reorganisation process.

This guide does not seek to set out a 'one-size-fits-all' approach to reorganisation. Rather, it brings together the experiences of those who have been down this road before – as well as the views of academics, practitioners and technical specialists – to provide ideas, insight and inspiration that will help readers to form their own views on reorganisation and how it might best be brought about.

<https://www.cipfa.org/policy-and-guidance/publications/t/the-art-of-local-government-reorganisation>

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