

Audit Progress Report

Manchester City Council

November 2022



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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

2020/21 Financial statements work

The current position with our 2020/21 audit is:

- We are awaiting DHLUC to publish a statutory instrument to provide the Council with a statutory override for the accounting for infrastructure assets. We are also awaiting CIPFA to publish an update to its Code of Practice on Local Authority Accounting to provide the Council with revised reporting requirements. When these are published the Council will need to reconsider its infrastructure assets accounting policy, and consider the impact on the 2020/21 accounting entries. We will then complete our audit work on the Council's infrastructure assets.
- We received the Council's updated version of the financial statements from the Council on 14th November following our feedback comments to the finance team. We will complete our review of the statements shortly and feedback any further comments to the Council.
- We received responses to our latest queries on the Council's Group consolidation on 15th November. These related to the treatment of Manchester Airport's assets in the consolidation. We will complete our review of the responses and aim to complete this work shortly.

2021/22 Financial statements work

We commenced our audit of the Council's 2021/22 financial statements in October 2022. We have mostly completed our audit planning work, and will present our Audit Strategy Memorandum to the next Audit Committee. Our audit work has progressed since October and we have not identified any significant matters for reporting to Audit Committee. We continue to have proactive and engaged support from the Council's finance team and wider staff, in order to complete our testing. Our current plan is to complete the audit in early 2023, subject to the continued prompt progress on the audit testing.

In line with the firm's policy for audit partner rotations, for the 2021/22 audit year we have made a change to your Engagement Partner with Suresh Patel replacing Karen Murray.

2021/22 Value for Money arrangements work

We have requested an updated self assessment from the Council for 2021/22 and will commence our detailed value for money fieldwork on its receipt. Based on our planning work completed to date there are no significant matters to report to Audit Committee and no risks of significant weakness identified.

02

Section 02:

National Publications

National publications

	Publication/update	Key points
Financial Reporting Council (FRC)		
1	FRC Major Local Audit Inspection Report	Outcome of the FRC inspection of audit quality from 2020/21 audits
Chartered Institute of Public Finance and Accountability (CIPFA)		
2	Audit Committees: Practical Guidance For Local Authorities And Police (2022 edition)	Guidance for Audit Committees
National Audit Office (NAO)		
3	Introducing Integrated Care Systems: joining up local services to improve health outcomes	Overview of Integrated Care Systems
4	A guide to corporate finance in the public sector	A good practice insight guide for senior leadership
Public Sector Audit Appointments Ltd		
5	Consultation on proposed auditor appointments from 2023/24	Consultation document

NATIONAL PUBLICATIONS

Financial Reporting Council

1. FRC Major Local Audit Inspection Report - October 2022

The FRC is responsible for monitoring the quality of the audits of the largest health and local government entities (called Major Local Audits or MLAs). They do this by annually inspecting a sample of MLAs from each of the audit firms who deliver this work. In their most recent publication, they reported on their review of 20 MLAs, three of which related to Mazars. The ICAEW also reviewed 17 non-MLAs (none from Mazars).

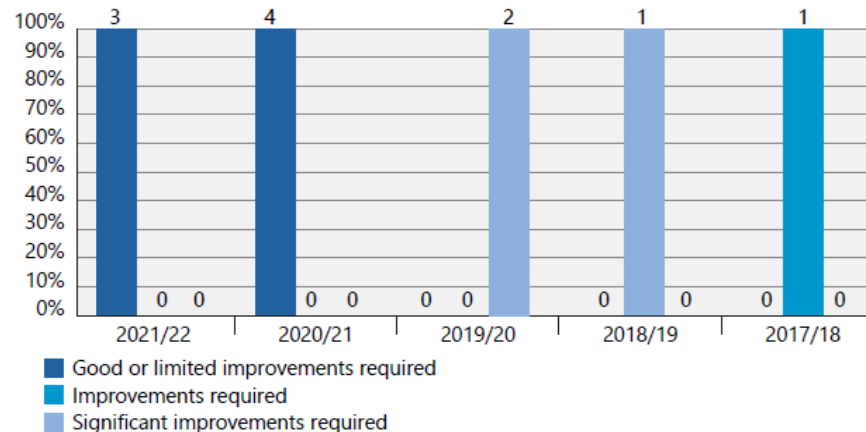
For Mazars, the FRC found that all 3 files reviewed met the expected standards. This was the second successive year of 100% compliance. Whilst the sample size is small and focused on the higher risk audits, the improvement does reflect the investment we have made in people, technical expertise, specialists (such as building on in-house valuation team and strengthening our methodology). Maintaining and improving audit quality is a key objective of the firm and our investment will continue.

Overall, the FRC found that the number of audits categorised as good or limited improvements required has remained consistent with the prior year. However, there was an increase in the number of audits assessed as requiring significant improvements and they deemed this as unacceptable.

<https://www.frc.org.uk/getattachment/aeb9149f-7bf9-45f2-802d-ca7b055b457e/Major-Local-Audits.pdf>

Mazars LLP

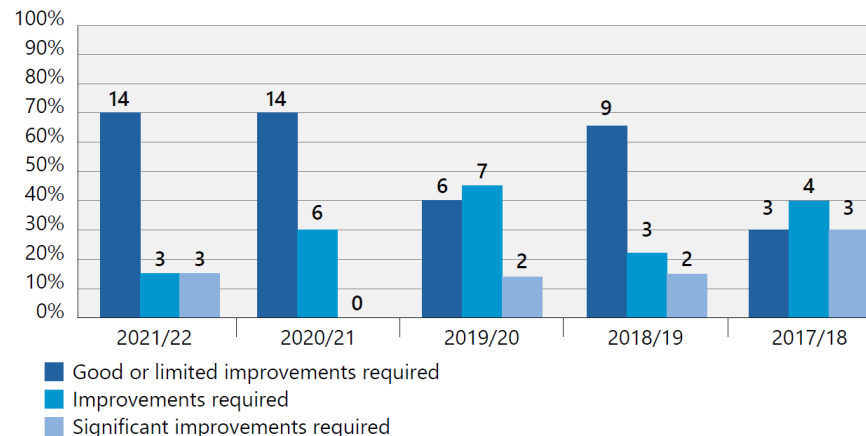
Our assessment of the quality of financial statement audits reviewed



100%

At Mazars LLP, all three financial statement audits inspected were assessed as good or limited improvements required.

All financial statement reviews – for the firms inspected



NATIONAL PUBLICATIONS

CIPFA

2. Audit Committees: Practical Guidance For Local Authorities And Police (2022 edition), October 2022

Audit committees are a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams, elected representatives, police and crime commissioners and chief constables.

This edition updates CIPFA's 2018 publication to complement the 2022 edition of the CIPFA Position Statement on audit committees.

The suite of publications has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee.

New aspects include legislation changes in Wales and new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

The appendices include suggested terms of reference, a knowledge and skills framework and effectiveness improvement tools.

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

NATIONAL PUBLICATIONS

National Audit Office

3. Introducing Integrated Care Systems: joining up local services to improve health outcomes, October 2022

Integrated Care Systems (ICSs) bring together NHS, local government and other partner organisations to plan and deliver integrated services to improve the health of the local population. There are 42 ICSs covering the whole of England, ranging in size from 542,000 people to 3.51 million. ICSs were introduced into legislation by the Health and Care Act 2022, the relevant provisions of which took effect from 1 July 2022.

This report examines the setup of ICSs by DHSC, NHS England (NHSE), and their partners and the risks they must manage. Unlike many National Audit Office reports, this is not an assessment of whether the programme has secured good value for money to date because ICSs have only recently taken statutory form. Instead, it is an assessment of where they are starting from and the challenges and opportunities ahead. NAO makes recommendations intended to help manage those risks and realise those opportunities.

The summary provides the key findings, our conclusion on ICSs' likely success, and our recommendations. The rest of the report sets out:

- an introduction to ICSs, describing their structure, objectives, and governance arrangements (Part One);
- an overview of the positions that ICSs are starting from, in terms of finances, staffing and activity levels, and some of the wider challenges facing the health and care sector (Part Two); and
- an examination of government's efforts to improve population health through better integration and a focus on prevention, and our assessment of ICSs' prospects for success this time (Part Three).
Introducing Integrated Care Systems: joining up local services to improve health outcomes.

<https://www.nao.org.uk/reports/introducing-integrated-care-systems-joining-up-local-services-to-improve-health-outcomes/>

4. A guide to corporate finance in the public sector, September 2022

Corporate finance is a complex and specialist topic. NAO examined corporate finance transactions and the organisations performing these for more than 35 years. There are many factors senior leaders must consider to ensure public bodies manage the risks and benefits to taxpayers when using corporate finance techniques.

The interactive guide contains useful insights from 139 NAO reports and sets out key questions for senior decision-makers to consider when overseeing corporate finance activities. It may also be of interest to professionals supporting the government to deliver a range of transactions, including commercial investments, loans and guarantees.

<https://www.nao.org.uk/insights/guide-to-corporate-finance-in-the-public-sector/>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments Ltd

5. Consultation on proposed auditor appointments from 2023/24, October 2022

PSAA has consulted on the on the proposed auditor appointments for all opted-in bodies for audits from 2023/24 to 2027/28. The consultation closed on 14 November 2022.

<https://www.psa.co.uk/2022/10/consultation-on-proposed-auditor-appointments-from-2023-24/>

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*where permitted under applicable country laws.

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