

Audit Progress Report

Tameside Metropolitan Borough Council

Audit Panel

February 2024



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01

Section 01:
Audit Progress

Audit progress

Purpose of this report

This report provides the Audit, Governance and Standards Committee's with:

- a follow up on a question raised by members at the February 2024 Audit Panel meeting
- an update on the status of the financial statements audits for 2021/22
- an update on the status of the Value for Money work in respect of 2021/22;
- an update on the status of the Whole of Government Accounts work.

It also includes, at Section 2, a summary of recent national reports and publications for your information.

Follow up from the February Audit Panel

At the Audit Panel meeting in February we were asked to provide further information in respect of our internal control recommendation relating to leases.

We can confirm:

- our audit testing of leases covered a sample of 12.
- of those, two were found to be “holding over”
- these two leases are both with commercial tenants, and
- the leases expiries were May 2018 and March 2020 respectively.

We recommend the Council takes action to ensure lease agreements are reviewed and updated as they expire to ensure all properties leased out are subject to a contract. There is a risk the Council is not receiving the market rent for properties because rent reviews are not being undertaken. The Council is also open to other risks where the tenant does not have a current lease agreement in place.

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Status of the 2021/22 audit

As reported to members at the February Audit Panel, we have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022. The table below sets out the progress on the audit areas which were reported as outstanding in our Audit Completion Report.

| Audit area | Progress since February Audit Panel and outstanding matters |
|--|--|
| PPE – Impairments: Consideration of Reinforced Autoclaved Aerated Concrete (RAAC) | The Council provided evidence to show their consideration of the impact of RAAC on the asset portfolio and any potential impairments adjustments which may be required as a result of the presence of RAAC on Friday 12 January. Following our review of this consideration we requested further information from the Council on 19 January. A further response was provided on 23 February but at the time of issuing this report we have not received all of the required information. We will provide an update on the outcome of our review in our follow-up letter. |
| Financial statements, Annual Governance Statement and letter of representation | The Council will need to update the Annual Governance Statement for 2021/22 in light of the recent Ofsted report. At the time of issuing this report, we have not received an updated AGS to review. We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation. |

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Value for Money arrangements

We received the Council’s Value for Money self-assessment on 6 February 2024 with supporting evidence provided on 9 February. We are in the process of reviewing the evidence provided.

On 13 February Ofsted released a report following an inspection undertaken in December 2023. Following the inspection, Ofsted concluded that the overall effectiveness of the Council’s Children’s Services are Inadequate. Following the release of this report, we outline below the risk of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work we intend to undertake in response:

| Risk of significant weakness in arrangements | Planned response |
|---|---|
| <p>1 Ofsted Inspection: Children’s Services</p> <p>In February 2024 Ofsted issued a report following its inspection carried out between 4 and 15 December 2023 on the Council’s Services.</p> <p>The inspection report concluded that the overall effectiveness of the Council’s services is inadequate.</p> <p>These matters indicate a risk of significant weaknesses in proper Arrangements in respect of governance and in respect of improving the economy, efficiency and effectiveness of services.</p> | <p>To address this risk we plan to:</p> <ul style="list-style-type: none">• Review the Ofsted inspection report;• Hold discussions with management to understand the arrangements which were in place within the Children’s Services;• Review the Council’s response to the Ofsted report and action plan. <p>We will report the findings of our work to the Audit Panel.</p> |

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Whole of Government Accounts (WGA) work

We will submit the 2021/22 submission once we conclude the outstanding financial statements work.

Audit Progress 2022/23

Planning for the 2022/23 audit commenced on 12 February. Although our audit planning is being undertaken now, we are currently discussing with officers the impact of the Government's proposals for clearing the backlog on completion of the audit.

Further information on the 2022/23 audit progress will be provided in the 2022/23 Audit Strategy Memorandum.

02

Section 02:

National publications

National publications

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

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

- Action required
- Action suggested
- For information only

| | Publication/update | Key points | Link | Action |
|------------------------------------|--|---|------------------------|--------|
| National Audit Office (NAO) | | | | |
| 1 | NAO insight – Financial Management in Government: Strategic Planning and Budgeting | The NAO has published a good practice guide in financial management aimed at senior finance leaders in government departments and other public bodies. | [here] | ● |
| 2 | Reforming Adult Social Care in England | This report looks at how DHSC is responding to the challenges facing adult social care in England, and its progress with delivering the reforms set out in the 2021 white paper. | [here] | ● |
| 3 | Approaches to Achieving Net Zero Across the UK | This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, National Audit Office and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments’ legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions. | [here] | ● |
| 4 | Managing Risks in Government | By examining current practice in government and the private sector the NAO have developed six principles of risk management. By following these principles, organisations can move their risk management arrangements from a process-led approach to one which supports the efficient and effective delivery of services. | [here] | ● |

National publications (continued)

| | Publication/update | Key points | Link | Action |
|--|---|---|------------------------|---|
| Chartered Institute of Public Finance and Accountancy | | | | |
| 5 | Section 114s: where are we headed next? 16 August 2023 | Rob Whiteman, CIPFA CEO assesses the latest position on s114 notices (where formal action needs to be taken to balance a Council's finances), what has been done to prevent further s114 notices, whether more will occur and what the sector should do. This originally appeared as an article in the Municipal Journal on 31 July 2023. | [here] | ● |
| Department for Levelling Up, Housing and Communities | | | | |
| 6 | Municipal Journal Article by a Local Government Minister on Rebuilding Audit, 30 October 2023 | An article by Lee Rowley MP in Municipal Journal and the most up-to-date statement at the current time of proposals to address the backlog of local government audits. | [here] | ● |
| 7 | Addressing the local audit backlog in England: Consultation | This consultation seeks views on amending the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog and put the system on a sustainable footing. | [here] | ● Management should note the proposed arrangements |
| Mazars | | | | |
| 8 | Mazars Transparency Report | We are pleased to present the 2022-2023 Transparency Report for Mazars in the UK. Our 2023 report provides an overview of how we are continuing to enhance audit quality within Mazars and contributing to safeguarding the public interest. | [here] | ● |

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