

# Audit Progress Report

Greater Manchester Combined Authority

September 2023



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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 audit

We have received confirmation from the NAO that no further work is required in respect of the 2020-21 WGA return. We have issued our audit certificate which formally marks the completion of the 2020-21 audit.

### 2021/22 financial statements audit

We presented our Audit Completion Report in March 2023. A number of items were shown as outstanding, and we are currently working with the Authority's finance team to complete this work

Current outstanding areas included:

- Resolution of queries from the technical review of the financial statement
- Audit completion including manager, key audit partner and our Engagement Quality review.

There is a national issue regarding the use of reinforced autoclaved aerated concrete (RAAC) within public sector buildings. We are currently working with management regarding any implications to GMCA.

We plan to issue our audit opinion in October 2023 along with our follow up letter to this Committee subject to the satisfactory completion of the above areas of work.

### 2021/22 VFM

We plan to complete Value for Money arrangements work and report this to the November 2023 Audit Committee.

# Audit Progress

## **2022/23 audit.**

As previously reported the Authority has published a statement in respect of the delay in the production of the 2022/23 statement of accounts which were published on 31 July 2023. We expect to agree a detailed timetable for the 2022/23 audit following completion of the 2021/22 audit.

# 02

Section 02:

**National Publications**

# National publications

	Publication/update	Key points
<b>Key issues</b>		
A	<p><b>PFI Hand-Back</b> Many PFI schemes are coming to their end dates and local authorities need to act to manage the risk in asset handover.</p> <p>The Infrastructure Projects Authority, the IPA, recommends that Contracting Authorities begin the asset hand back and the transition to future services some 7 years prior to expiry.</p>	<p>We understand how complicated these projects are and how time-consuming it is on a day-to-day basis just to manage the project on a business-as-usual basis. With that in mind, we would like to share with you one of our latest experiences in helping our clients in monitoring their PFI portfolio.</p> <p>We have conducted a series of workshops for our PFI clients (Local Authorities) to develop a comprehensive assessment of the following areas:</p> <ul style="list-style-type: none"> <li>• main obligations, risks and opportunities (existing PFI portfolio).</li> <li>• role of the Contracting Authority in delivering those contracts whilst managing the future transition.</li> </ul> <p>These workshops have included interactive sessions with commercial, financial and operational teams to assess any gaps in contractual obligations, systems, processes, and information about asset conditions as well as resource requirements.</p> <p>In conclusion of those workshops, we worked with the teams to develop a list of corrective actions and key enablers for future service provisions post-transition.</p> <p>These workshops have been delivered as a combination of training (PFI back to basics) and interactive sessions. The advantage of these workshops is that they are bespoke, cost-efficient, specific to the requirements of your PFI portfolio, promote an open culture among your team and help to achieve continuous learning and development objectives.</p>
<b>Publications</b>		
1	Public Interest Report – Croydon Council	Following the publication of a public interest report in October 2020, Croydon Council commissioned local government expert Richard Penn, through the Local Government Association to compile an independent report on the issues at the council.
2	Local authority administered COVID support schemes in England	This reports evaluate government's approach in relation to distribution of grants through local authorities, highlight failures and provide recommendation for better management of government grants.
3	Public Sector Audit Appointments Limited: Quality of Audit Services Feedback Survey	In August 2023 Public Sector Auditor Appointments Ltd (PSAA) published its fourth annual report on feedback from Finance Directors and Audit Committee Chairs of local authorities on their satisfaction with the audit services provided by local auditors. The feedback was obtained in March 2023 and relates to audit work delivered during 2022. In that year, Mazars was one of five firms delivering local audits to local authorities in England.

# NATIONAL PUBLICATIONS

## Public Interest Report

### 1. Croydon Council Public Interest Report – February 2023

Following the publication of a public interest report in October 2020, Croydon Council commissioned local government expert Richard Penn, through the Local Government Association to compile an independent report on the issues at the council. His report, completed in March 2021, but only just published in February 2023 found that the dysfunctional leadership and poor governance arrangements contributed to the authority's financial collapse.

Fairfield Hall is an arts, entertainment and conference centre situated in Croydon. Refurbishment of this building was agreed by Croydon Council and work was undertaken between June 2016 and September 2019. It was delivered late and cost substantially more than the original £30m budget agreed by cabinet. Originally a Value for Money review, this became a Report in the Public Interest by their Internal Auditors Grant Thornton which highlighted failings of financial control and governance of this project.

The report found that the 'governance gaps' at the time 'prevented scrutiny and challenge that may have allowed corrective action to have been taken.' The report found that the statutory officers and chief officers throughout the time of the refurbishment failed to fulfil their statutory duties. All have since left the council. An action plan will be put in place to address the recommendations arising from this report.

This has led the Council putting in place new measures to address the findings. The Council has overhauled and strengthened its financial, legal, decision-making and other governance processes, and through its Croydon Renewal Plan is creating a new culture of good decision-making, transparency, accountability, and value for money.

It also led the council to undertake an external independent review of its companies and company structures. Following that review, the council's intention is to wind down its development company Brick by Brick once it has completed its outstanding building work. The Fairfield Halls refurbishment contracts were taken back under direct Council control. The full report, which includes a number of lessons that other Councils can learn from, can be seen here:

<https://www.croydon.gov.uk/council-and-elections/budgets-and-spending/reports-and-reviews/report-public-interest-fairfield-halls>

# NATIONAL PUBLICATIONS

## Public Interest Report

### 2. Local authority administered COVID support schemes in England

The government introduced a series of grant schemes to help businesses deal with the impacts of the COVID-19 pandemic on their businesses, including the effects of restrictions put in place to protect public health. Using funding from government, local authorities in England distributed £22.6 billion in grants to local businesses between March 2020 and March 2022. There were eight separate schemes that can be grouped into three separate ‘cohorts’, primarily corresponding to significant waves of COVID-19 restrictions.

HM Treasury decided the key features of each of the schemes, including the types of businesses they should cover and the level of funding available, and the Department for Business, Energy and Industrial Strategy (BEIS) was responsible for their implementation. The Department for Business and Trade (DBT) is now accountable for this funding, including the recovery of money paid out as a result of error or fraud.

The creation and delivery of these grant schemes was a partnership between local authorities and central government. Local authorities were responsible for identifying eligible businesses in their areas and paying grants to them, making 4.5 million payments over the course of the pandemic. BEIS created the detailed guidance for the schemes and oversaw their implementation by local authorities.

The full report, which includes a number of recommendations and conclusions, can be seen here:

<https://committees.parliament.uk/publications/41164/documents/202555/default/>

### 3. Public Sector Audit Appointments Limited – Quality of Audit Services Feedback Survey

In August 2023 Public Sector Auditor Appointments Ltd (PSAA) published its fourth annual report on feedback from Finance Directors and Audit Committee Chairs of local authorities on their satisfaction with the audit services provided by local auditors. The feedback was obtained in March 2023 and relates to audit work delivered during 2022. In that year, Mazars was one of five firms delivering local audits to local authorities in England.

This feedback provides the Audit Committee with an independent view on the client service that the Mazars Public Sector Audit team provides in delivering audits under the Local Audit and Accountability Act 2014 and the National Audit Office’s Code of Audit Practice.

The overall response rate from the Finance Directors was 47 per cent (220/467) and from Audit Committee Chairs, 30 per cent (142/467).

You can view the full PSAA report at [PSAA-Quality-of-Audit-Services-2021-22-feedback-survey.pdf](#)

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