

# Audit Progress Report

Police and Crime Commissioner for  
Humberside  
Chief Constable for Humberside

December 2019





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# 1. AUDIT PROGRESS

## Audit progress

This report sets out progress on the external audit.

### 2019/20 Audit

We are currently planning our 2019/20 audit to take account of risks to the opinion and VFM Conclusion. This includes on-site work to walk-through the key controls in material financial systems and update our documentation. We will present our Audit Strategy Memorandum, summarising the findings from our risk assessment to the next meeting of this committee.

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## 2. NATIONAL PUBLICATIONS AND OTHER UPDATES

	Publication
1	Challenges in using data across government, NAO, June 2019
2	Local Government audit opinions issued by 31 July 2019, PSAA, August 2019
3	Review of local authority financial reporting and external audit, MHCLG, September 2019
4	New Code of Audit Practice 2020/21 – Consultation, NAO, September 2019

### 1. Challenges in using data across government, NAO, June 2019

The government plans to produce a new national data strategy in 2020 to position “the UK as a global leader on data, working collaboratively and openly across government”. The NAO has published a report, which sets out its experience of data use across government. The report includes:

- the current data landscape across government;
- strategy and leadership;
- the quality, standards and systems needed to use data effectively; and
- safeguarding data and enabling change.

The NAO report highlights that without accurate, timely and proportionate data, government will not be able get the best use out of public money. Despite years of effort and many well-documented failures, government has lacked clear and sustained strategic leadership on data, which has affected departments’ own progress in managing and improving data. The report identifies some early signs that the situation is improving, but unless government uses the data strategy to get the right leadership, processes, systems and conditions in place to succeed, there is a risk that opportunities to improve will be missed.

The NAO has also published a blog *Right data, right place, right time*, which draws from the report and highlights some of the difficulties of maintaining effective and accurate data to inform decision making and deliver public services.

<https://www.nao.org.uk/report/challenges-in-using-data-across-government/>

### 2. Local Government audit opinions issued by 31 July 2019, PSAA, August 2019

PSAA issued a press release after the end of the 2018/19 audit deadline to highlight the increase in the number of audit opinions that were not available by 31 July 2019. PSAA found that over 40% (210 out of 486) of audit opinions on 2018/19 statements of accounts were not available by the target date of 31 July 2019, compared to just 13% in the previous year. The press release highlights the main factors that have driven the increase in delays focusing on a shortage of appropriately skilled and experienced auditors, the standard and timeliness of draft accounts, and/or associated working papers and difficulties in obtaining responses to and resolving audit queries.

Although Mazars achieved the deadline at a significantly higher proportion of authorities than the national average there was an increase in delays for similar reasons to those noted by PSAA and resourcing the large volume of public sector audit work within such a tight timetable is proving extremely challenging for all PSAA’s audit suppliers.

<https://www.psaa.co.uk/2019/08/news-release-local-government-audit-opinions-delivered-by-31-july-2019/>

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## 2. NATIONAL PUBLICATIONS CONTINUED

### 3. Review of local authority financial reporting and external audit, MHCLG, September 2019

The Ministry of Housing, Communities and Local Government announced in September that they had appointed Sir Tony Redmond to conduct a review of the arrangements in place to support the transparency and quality of local authority financial reporting and external audit including those introduced by the Local Audit and Accountability Act 2014. The review will not look at broader issues of local authority finances and sustainability.

The review will examine the existing purpose, scope and quality of statutory audits of local authorities in England and the supporting regulatory framework to in order to determine:

- Whether the audit and related regulatory framework for local authorities in England is operating in line with the policy intent set out in the Act and the related impact assessment;
- Whether the reforms have improved the effectiveness of the control and governance framework along with the transparency of financial information presented by councils;
- Whether the current statutory framework for local authority financial reporting supports the transparent disclosure of financial performance and enables users of the accounts to hold local authorities to account; and
- To make recommendations on how far the process, products and framework may need to improve and evolve to meet the needs of local residents and local taxpayers, and the wider public interest.

As part of the review, MHCLG have issued a “Call for Views” which is linked below, along with the review’s terms of reference.

<https://www.gov.uk/government/publications/review-of-local-authority-financial-reporting-and-external-audit-terms-of-reference>

<https://www.gov.uk/government/consultations/review-of-local-authority-financial-reporting-and-external-audit-call-for-views>

### 4. New Code of Audit Practice 2020/21 – Consultation, NAO, September 2019

Schedule 6 of the Local Audit and Accountability Act (2014) requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

The consultation is taking place in two stages, both of which have now concluded. The NAO plans to finalise the Code by the end of 2019, ready to be laid in Parliament early in 2020. The new Code will apply from audits of local bodies’ 2020/21 financial statements onwards.

The first stage of the consultation showed broad support for maintaining the principles-based nature of the Code, being the wider scope of public audit, independence and public reporting. However the responses highlighted that this should be supported by more detailed sector-specific guidance.

The second stage of the consultation focused on the text of the draft Code. In particular there are proposed changes to the way auditors report on arrangements to deliver value for money in the use of resources. The consultation closed on 22 November 2019.

The Local Audit & Accountability Act 2014 places a specific duty on the local auditor to be satisfied whether the body they are auditing has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. In the current Code, this is referred to as work on arrangements to secure value for money. Currently, the local auditor reports against a single overall criterion as to whether: *“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.”* This is known as the value for money conclusion and is included in the Auditor Report included in Council’s financial statements. The consultation draft Code proposes changes to this reporting, with a more detailed commentary on the value for money arrangements being included in a new ‘Auditor’s Annual Report’.

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### 3. CONTACT DETAILS

Please let us know if you would like further information on any items in this report.

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