

External Audit Progress Report

City of York Council

January 2019





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1. AUDIT PROGRESS

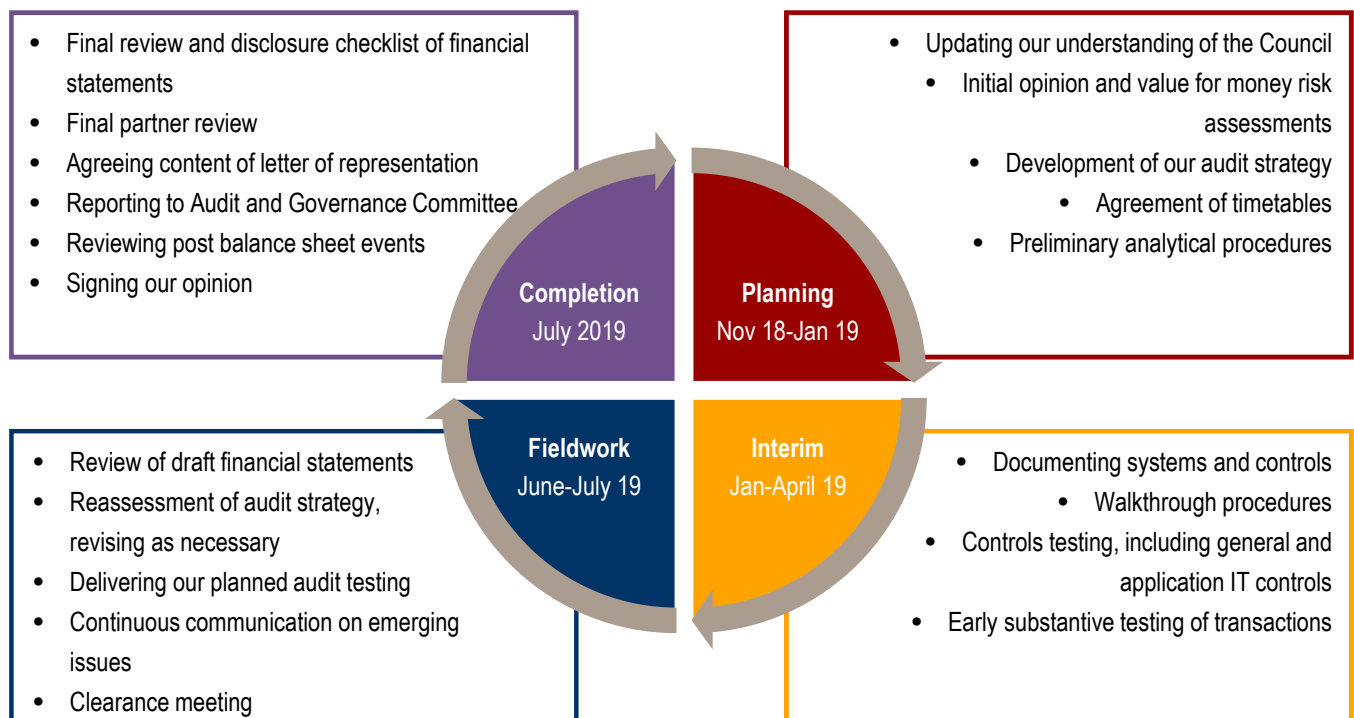
Purpose of this report

This report provides the Audit and Governance Committee with an update on progress in delivering our responsibilities as your external auditor.

Audit progress

Our key audit stages are summarised in the diagram shown below. Since the last Audit Committee meeting, we have completed our initial planning and risk assessment sufficient to present our Audit Strategy Memorandum to the February 2019 Audit and Governance Committee for discussion and agreement. This sets out the significant risks we have identified for the audit, for both the opinion on the statement of accounts and the value for money conclusion, and our approach to the audit. Our risk assessment is an on-going process throughout the year and we will update the Committee of any emerging audit risks through our Audit Progress Reports .

There are no significant matters arising from our work that we are required to report to you at this stage.



Financial Reporting Workshops 2019

Our Local Government Financial Reporting workshops provide an update on the latest developments as well as a forum for our clients to discuss emerging issues. Agenda items include a revisit of 2017/18 issues including early close implications, changes in the 2018/19 Code and a forward look to future regulatory and policy changes. The Leeds event is on Wednesday 30th January 2019 at our new Leeds Office at Wellington Place and we have invited relevant officers from the Council.

2. NATIONAL PUBLICATIONS

Publication / update	
National Audit Office (NAO)	
1.	Departmental overview – Department of Education 2017-18
2.	Adult social care at a glance
3.	Financial sustainability of local authorities 2018 visualisation
Chartered Institute of Public Finance and Accountancy (CIPFA)	
4.	Code of Practice on Local Authority Accounting / supporting guidance notes for practitioners – 2018/19 Accounts
5.	Implementation date for IFRS 16 Leases
6.	Streamlining the Accounts: Guidance for Local Authorities
Secretary of State for Housing, Communities and Local Government	
7.	Local Government Settlement for 2019-20

1. Departmental overview – Department of Education 2017-18, NAO, November 2018

The NAO has published an Overview of the Department of Education which summarises the structure of the Department, how it spends its money, commitments for the future years, key developments including Exiting the European Union and findings from recent NAO reports.

The report also focuses on five areas of importance to the Department which also include findings from NAO reports: academies, teachers, access to higher education and skills development, student loans and oversight and inspection.

<https://www.nao.org.uk/report/departmental-overview-department-for-education-2017-2018/>

2. Adult social care at a glance, NAO, July 2018

This overview updates the report 'Adult social care in England: an overview (2014)', highlighting key trends, developments and system pressures. This report includes a diagram setting out the interaction of local authority and health services amongst others.

Adult social care covers social work, personal care and practical support for adults with a physical disability, a learning disability, or physical or mental illness, as well as support for their carers. The overview summarises access to and also types of adult social care, accountability, developments in the sector since 2014, spending on social care, the needs, outcomes and market for care. The overview also summarises the various reports issued by the NAO on specific programmes and issues relating to adult social care.

<https://www.nao.org.uk/report/adult-social-care-at-a-glance/>

2. NATIONAL PUBLICATIONS

3. Financial sustainability of local authorities 2018 visualisation, NAO, November 2018

The NAO have published interactive visualisations that describe the changes in the local authorities' financial circumstances from 2010-11 to 2016-17.

The data presented shows changes in income and spending along with an analysis of factors such as budget overspends and use of reserves. These figures vary for a range of reasons such as local political priorities, changes in local demand and changes in government policy and priorities. The report warns that any comparison between places need to be undertaken with caution. The complexity of factors underlying the data means that differences in figures presented should not be viewed as indicative of the current 'performance' of an authority. Any differences between authorities is an opportunity to ask further questions to gain a better understanding of what is happening locally.

Council's can use these visualisations to explore the broad trends identified in the NAO report Financial sustainability of local authorities 2018 (July 2018) in order to increase their understanding of individual local authorities.

<https://www.nao.org.uk/highlights/financial-sustainability-of-local-authorities-2018-visualisation/>

4. Code of Practice on Local Authority Accounting in the United Kingdom and supporting guidance notes for practitioners for the 2018-19 Accounts, CIPFA, December 2018

CIPFA has published the Code of Practice on Local Authority Accounting in the United Kingdom and supporting guidance notes for practitioners for the 2018-19 Accounts. The guidance notes detail key accounting changes introduced by the 2018-19 accounting code and provide practical support for the preparation of the year-end accounts.

Other recent and related publications from CIPFA which Council's may wish to be aware of include:

- Code of Practice on Local Authority Accounting in the United Kingdom: Disclosure Checklist for 2018-19 Accounts;
- Service Reporting Code of Practice for Local Authorities 2019-20;
- The Prudential Code for Capital Finance in Local Authorities: Guidance Notes for Practitioners (2018 edition);
- Treasury Management in the Public Services: Guidance Notes for Local Authorities including Police and Fire Authorities (2018); and
- LGPS Fund Accounts 2018-19: Example Accounts and Disclosure Checklist.

<https://www.cipfa.org/policy-and-guidance/publications/codes-of-practice>

5. Implementation date for IFRS 16 Leases, CIPFA, December 2018

Council will wish to be aware of this statement from the CIPFA/LASAAC Code board on the implementation date of IFRS 16 Leases. CIPFA/LASAAC have confirmed that the effective date of implementation in the Code has been deferred for one year only to 1 April 2020, for alignment with the wider public sector.

<https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board>

6. Streamlining the Accounts: Guidance for Local Authorities

CIPFA has published guidance to local authorities to support steps to streamline both the format of their published financial statements and the year-end processes that underpin them.

This publication is based on information provided by local authorities already taking positive action and who have found that clearer and shorter financial statements can be prepared to a high standard that is accounting code compliant but with less time and reduced resources. It can be downloaded from: <https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/local-authority-accounting-panel>

2. NATIONAL PUBLICATIONS

7. Local Government Settlement for 2019-20 , Secretary of State for Housing, Communities and Local Government, December 2018

In December 2018, the Secretary of State for Housing, Communities and Local Government, James Brokenshire, published the 2019-20 provisional settlement for local government. The provisional figures show councils in England are to share an extra £1.3 billion in 2019-20. This is reported as a real increase in core spending power from £45.1 billion in 2018-19 to £46.4 billion in 2019-20.

The settlement also allows for core council tax rises by up to 3% and this means that the threshold at which a referendum is triggered locally for rises in council tax is maintained at 3%.

The autumn budget committed a £650 million funding injection for 2019-20 for social care. This includes £240 million which will be focused on winter care pressures on adult social care, with local authorities able to use the remaining £410 million on adults or children's social care, and, where necessary, to relieve demand pressures on the NHS.

On business rates, the Secretary of State reported that local authorities will keep around £2.4 billion in business rates growth and that the government intends to distribute £180 million of the levy surplus to all local authorities and proposes to share this on the basis of need. In addition, the government is aiming to increase the level of business rates retention from its current levels of 50% to 75% from 2020. This and other reforms to the business rates retention system have been opened for consultation. In the interim, London and 15 local authorities (see authorities within the provisional settlement link below) will participate in the 75% business rate retention pilots and existing pilots in devolution deal areas will continue..

The Secretary of State also announced plans to eliminate the £152.9m negative revenue support grant in 2019-20 by reducing its share of business rates receipts. Negative revenue support grant is where changes or a complete loss of revenue support grant funding from the government have led to a downward adjustment in local authorities' business rates or tariff. With this proposal, the government intends to prevent these adjustments which it considers may be detrimental to local growth.

<https://www.gov.uk/government/speeches/provisional-local-government-finance-settlement-2019-to-2020-statement>

1. Audit progress

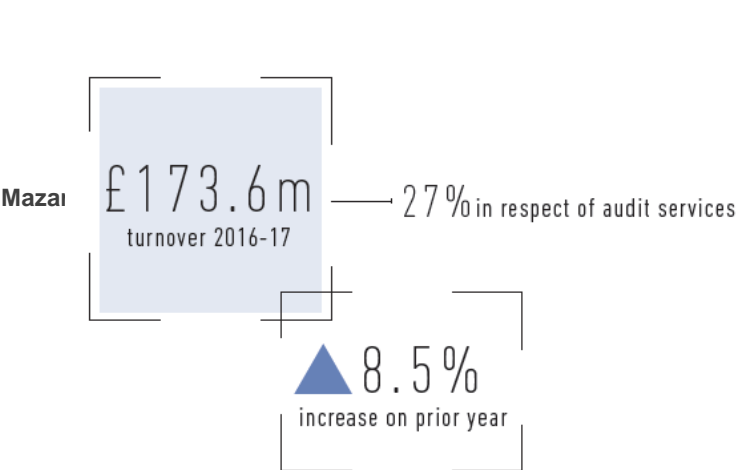
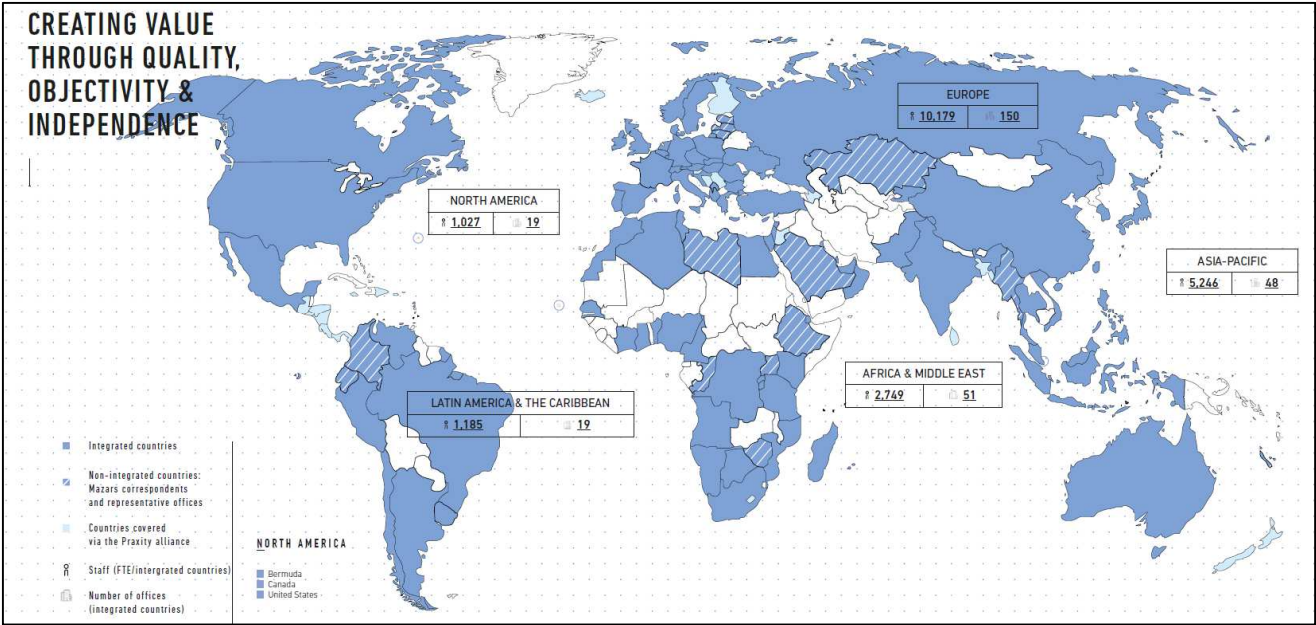
2. National publications

3. Contact details

MAZARS AT A GLANCE

Mazars LLP

- Fee income €1.5 billion
- Over 86 countries and territories
- Over 300 locations
- Over 20,000 professionals
- International and integrated partnership with global methodologies, strategy and global brand



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