

Audit Progress Report

Gateshead Metropolitan Borough Council

Audit and Standards Committee March 2023



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01

Section 01:
Audit Progress

1. Audit progress

Purpose of this report

This report provides the Audit and Standards Committee with an update on progress in delivering our responsibilities as your external auditors. It also includes, at Section 2, a summary of recent national reports and publications for your information.

2021/22 Audit

This March progress report provides an update to the position set out in our February progress report.

Our audit of the 2021/22 financial statements is virtually complete other than the following three areas which remain outstanding:

- central technical team clearance of the revised 2021/22 accounts, following final amendments for accounting for TGHC coming back in house from 1 April 2021;
- infrastructure (national issue); and
- outstanding Pension Fund auditor assurance (previously anticipated mid to late February 2023; this has now slipped to mid to late March 2023).

We have carried out our infrastructure work and liaised with the Council over the revised disclosures; this has been subject to internal moderation and review and work is virtually complete.

2022/23 Audit

We are updating our risk assessments and completing our planning for the 2022/23 audit. In the past month we have been completing our walkthroughs of key information systems. We will present our formal Audit Strategy Memorandum to this Committee in due course and continue to update members on progress.

At this stage we do not anticipate any significant changes in the scope of the audit opinion work, the approach or timeline. We have confirmed the requirements of the revised ISA 315 which applies to the Council's 2022/23 audit and underpins the work we are required to carry out to identify and assess the risks of material misstatement. This enhanced standard will require additional audit work and it is likely that we will need additional information and responses from the Council's management beyond those asked at previous audits. We have included a short summary of the key points from the revised ISA315 in our progress report of February 2023.

02

Section 02:

National publications

National publications

	Publication/update	Key points
National Audit Office (NAO)		
1	Education recovery in schools in England February 2023	VFM report by the NAO on recovery of education in schools; progress being made, but a final assessment of whether DfE has effectively supported recovery will depend on what happens in the coming years, with nearly half the extra funding scheduled to be spent in 2022/23 and 2023/24.
Public Sector Audit Appointments Ltd (PSAA)		
2	E-bulletin January 2023	Regular publication by the contract monitoring body for local government audits. Includes reflections on the challenges facing local audits.
Mazars LLP		
3	2021/22 Transparency Report	Annual publication, setting out the steps Mazars takes to enhance the quality of work and ensure quality is consistent across the firm.

NATIONAL PUBLICATIONS

NATIONAL AUDIT OFFICE (NAO)

1. Education Recovery in Schools in England (February 2023)

Disruption to children's education during the COVID-19 pandemic led to lost learning for many pupils, particularly for disadvantaged children. DfE announced total funding of £4.9 billion to address learning loss and support education recovery, covering early years, schools and education for 16- to 19-year-olds.

Most of this funding (£3.5 billion) is for recovery interventions in schools. The main interventions are:

- the National Tutoring Programme (NTP), which subsidises individual or small-group tutoring and mentoring through three schemes, with a focus on supporting disadvantaged pupils;
- the catch-up premium, which was per-pupil funding for schools during 2020/21; and
- the recovery premium, which replaced the catch-up premium from 2021/22 and, for mainstream schools, is allocated based on how many disadvantaged pupils they have.

This report examines whether DfE is achieving its objective to help pupils recover lost learning by effectively supporting education recovery in schools following the COVID-19 pandemic.

Since 2020, DfE has acted to support education recovery in schools through a range of interventions that were informed by the available evidence as to what would be most likely to work. DfE said that support should be targeted at disadvantaged pupils, given their greater learning loss, but gave schools freedom to decide how best to help pupils catch up. There is limited evidence on how extra direct funding for schools was spent and how far it was used to support disadvantaged pupils.

Take up of the centrally run NTP schemes was lower than DfE intended but school-led tutoring boosted take-up to above target. Disadvantaged pupils have been more likely than other pupils to receive tutoring through the NTP, although only a minority have received this extra support. Research indicates that pupils' learning loss is generally reducing but disadvantaged pupils remain further behind the expected level of achievement than other pupils.

The NAO examination focused on the first two years of DfE's interventions to support education recovery in schools. While progress is being made, a final assessment of whether DfE has effectively supported recovery will depend on what happens in the coming years, with nearly half the extra funding scheduled to be spent in 2022/23 and 2023/24. It is vital therefore that DfE maintains its focus on the implementation and impact of its recovery interventions if it is to achieve its ambitions of giving all children the chance to make up the learning they lost and improving the educational outcomes of disadvantaged pupils specifically.

<https://www.nao.org.uk/reports/education-recovery-in-schools-in-england/>

NATIONAL PUBLICATIONS

PUBLIC SECTOR AUDIT APPOINTMENTS LTD (PSAA)

2. E-bulletin (January 2023)

The first e-bulletin of 2023 looks forward and reflects on the final months of 2022. It includes an update from the PSAA November Advisory Panel, its forthcoming Annual Quality Monitoring Report and client survey, and a roundup of news from elsewhere.

PSAA highlight that last year's procurement of local audit services was a tense and testing experience, further evidencing the significant challenges facing local audit – continued delayed audit opinions, the uncertainty around audit reform, and the need for proportionate audit requirements and a more competitive local audit market.

The e-bulletin includes:

- 2021/22 audit opinion delivery;
- confirmed auditor appointments from 2023/24;
- annual Audit Quality Monitoring Report for 2020/21 audits; and
- the fee scale for 2022/23 audits

<https://www.psa.co.uk/about-us/e-bulletins/january-2023-news/>

National publications

Mazars LLP

3. 2021/22 Transparency Report (January 2023)

This annual report includes:

- details of quality monitoring;
- Mazars' approach to risk management; and
- structure, leadership and governance.

The FRC is responsible for monitoring the quality of major local audits as defined by the Local Audit (Professional Qualification and Major Local Audit) Regulations 2014. We are pleased to see that the firm continues to perform well in this area, with all three of the firm's audits reviewed being rated as good or with only limited improvements required. This shows the firm's commitment to its implementation of the local audits quality improvement plan.

<https://www.mazars.co.uk/Home/About-us/Corporate-publications/Transparency-reports/Latest-UK-Transparency-Report>

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