

# Audit Progress Report

Rossendale Borough Council

November 2021



## 1. National Publications

# 01

Section 01:

**National Publications**

# National Publications

	Publication/update	Key points
<b>Financial Reporting Council (FRC)</b>		
1.	<b>Major local audits – Audit Quality Inspection</b>	Sets out the findings of FRC's most recent quality inspection of major local audits.
<b>National Audit Office (NAO)</b>		
2.	<b>Good practice guide: Cyber and information security</b>	Provides a good practice guide for audit committees on cyber security arrangements.
3.	<b>The local government finance system in England: overview and challenges</b>	This overview looks at what local government in England spends, how this spending is funded and the effect of changes in recent years
<b>CIPFA</b>		
4.	<b>Code of Practice on Local Authority Accounting in the United Kingdom 2021/22</b>	New code for 2021/22

# NATIONAL PUBLICATIONS

## Financial Reporting Council

### 1. Major local audits – Audit Quality Inspection, October 2021

The Financial Reporting Council (FRC) is the independent body responsible for monitoring the quality of major local audits, as defined by the Local Audit (Professional Qualification and Major Local Audit) Regulations 2014. This monitoring is performed by the FRC's Audit Quality Review (AQR) team. The reviews of individual major local audit engagements are intended to contribute to safeguarding and promoting improvement in the overall quality of local audit in the UK. Audit firms are required to audit the financial statements and Value for Money (VFM) arrangements conclusion and exercise their additional powers or duties, as required, in accordance with the Local Audit and Accountability Act 2014

The Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW) inspects a sample of the firms' local audits that do not meet the definition of a major local audit.

The FRC has published its report setting out principal findings arising from the 2020-21 inspection of the audit firms completing major local audits in England as well as QAD results of other audits.

[FRC AQR Major Local Audits\\_October 2021](#)

# NATIONAL PUBLICATIONS

## National Audit Office

### 2. Good practice guide: Cyber and information security, October 2021

The NAO has published a good practice guide for audit committees on cyber security arrangements.

Cyber security is the activity required to protect an organisation's data, devices, networks and software from unintended or unauthorised access, change or destruction via the internet or other communications systems or technologies. Effective cyber security relies on people and management of processes as well as technical controls.

The NAO guide supports audit committees to work through this complexity, being able to understand and question the management of cyber security and information risk.

It takes into account several changes which affect the way in which we interact with and manage our information and can drive increased risk. These include changes to the way we work and live due to the COVID-19 pandemic and the ongoing demand to digitise and move to cloud-based services.

The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>

# NATIONAL PUBLICATIONS

## National Audit Office

### 3. The local government finance system in England: overview and challenges, November 2021

Local authorities in England provide a broad range of universal services, with targeted services for the most vulnerable in society. They have also been pivotal in the local response to the COVID-19 pandemic. Local authorities are funded through multiple funding streams, including government grants, taxes, and charges for services. The Department for Levelling Up, Housing & Communities, previously the Ministry of Housing, Communities & Local Government, is responsible for a framework that provides assurance on the financial health of local government and allows for intervention in individual cases and in response to system-wide risks.

This overview looks at what local government in England spends, how this spending is funded and the effect of changes in recent years. It draws on relevant findings from past NAO work. The overview aims to enhance financial transparency about local government in England. It covers:

- An introduction to local government funding
- Government policy and actions since 2010
- Some results or consequences of these changes.

The overview covers England only as local government is devolved in Scotland and Wales and focuses on five types of English local authority – London boroughs (including City of London), metropolitan boroughs, unitary authorities, county councils and district councils. This does not include town and parish councils, combined authorities, or stand-alone police and fire authorities.

<https://www.nao.org.uk/report/the-local-government-finance-system-in-england-overview-and-challenges/>

# NATIONAL PUBLICATIONS

## CIPFA

#### 4. Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, June 2021

Local authorities in the UK are required to keep their accounts in accordance with 'proper (accounting) practices'. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2021/22 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2021.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies.

This edition of the Code introduces a number of important amendments relating both to context and an understanding of requirements. Changes include:

- Reframing the Code requirements in terms of UK-adopted standards rather than EU adopted standards, reflecting the United Kingdom's withdrawal from the European Union.
- Confirmation of the accounting arrangements for the Dedicated Schools Grant to reflect changes to the statutory requirements.
- Amendments to confirm the existing adaptation in the Code for standards issued but not yet adopted.
- Augmentations to the reporting of estimation uncertainty.
- Confirmation of the reporting requirements for interest rate benchmark reform.

Importantly, the Code includes an appendix on the future implementation of the IFRS 16 Leases standard, which has been deferred for a further year. The appendix sets out the anticipated provisions in the 2022/23 Code and it will allow local authority accounts preparers to make effective preparations for the implementation of the standard in the 2022/23 financial year. Note that early adoption of IFRS 16 is not permitted, with the exception of Transport for London.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202122-online>



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