



Oldham
Council

Report to Audit Committee

2018/19 Annual Statement of Accounts - Update

Portfolio Holder: Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member for Finance and Corporate Services

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12 September 2019

Reason for Decision

The Audit Committee is charged with the scrutiny and approval of the Statement of Accounts. This report presents the current position regarding the audit and approval of the 2018/19 Statement of Accounts and an update to the outstanding audit issues presented previously to Committee.

Executive Summary

The report presents an update to the audit of the 2018/19 Annual Statement of Accounts.

The report highlights:

- The contents of the letter from the Council's External Auditor Mazars LLP addressed to Members of the Audit Committee regarding the "Conclusion of Pending Matters – Audit Completion Report"
- The approval of the Statement of Accounts in line with the delegated authority granted by the Audit Committee Members to the Vice Chair of the Audit Committee and the Director of Finance.
- The Annual Audit Letter provided in line with the Accounts and Audit Regulations 2015.
- The progress of the audit of the Council's Whole of Government Accounts (WGA)

Recommendation

Audit Committee members are recommended to note the contents of the report, together with the letter from Mazars LLP "Conclusion of Pending Matters – Audit Completion Report" and the Annual Audit Letter.

1 Background

- 1.1 The Council is required to prepare a Statement of Accounts for each financial year in accordance with statute and proper accounting practices. The accounts are subject to scrutiny and approval by the Council's Audit Committee.
- 1.2 The draft 2018/19 Statement of Accounts was originally issued to the Council's External Auditor's (Mazars LLP) on 2 May 2019 and subsequently distributed to Audit Committee members for review. The draft accounts were then considered at Audit Committee on 6 June 2019.
- 1.3 Following review by Mazars LLP the audited Statement of Accounts was considered at Audit Committee on 25 June 2019. This gave Members the opportunity to consider the key issues, understand any movements from the draft accounts and ask officers and the External Auditor any relevant questions. Members also considered the draft Audit Completion Report (ACR) prepared by the External Auditor.
- 1.4 However due to two national legal cases, which had the potential to impact on the measurement of the Council's pension liability, the Committee was unable to formally approve the Accounts. Members were, however, content to accept the amended set of financial statements and delegated the approval of the Accounts to the Vice Chair of the Audit Committee and the Director of Finance on receipt of advice from the External Auditors, following a resolution to the national pension issues. It was, however, expected that the resolution to the matter would not have a significant impact on the Council's Statement of Accounts the Audit Committee had considered.
- 1.5 In addition, although the issue had been addressed before the 25 June Audit Committee, due to the timing of the issue of papers there was a matter shown as outstanding in the ACR related to the testing of Council's IT general controls. These items did not relate to the Statement of Accounts and would not impact the Council's primary statements or balances.

2 Current Position

- 2.1 The letter from the Auditors at Appendix 1 details the conclusion of the matters which were still outstanding in the Audit Completion Report presented on 25 June 2019 and informed the approval of the accounts under delegation. Following National Audit Office (NAO) engagement the Council was able to use appropriate methodology to provide an estimate of the potential impact which the legal cases may have on the measurement of the Council's pension liability. The impact was not considered to be material therefore the accounts were not adjusted. The testing of IT controls was also completed with some minor recommendations for improvement identified.
- 2.2 Following the resolution of these issues, and in line with the authority delegated by Audit Committee members, the Vice Chair of the Audit Committee and the Director of Finance met with the External Auditors on 10 July 2019 and approved the Statement of Accounts.
- 2.3 Following the approval of the Accounts and in line with the Accounts and Audit Regulations 2015 the auditors have also provided the Council with the Annual Audit letter which details the audit work completed in the year, the Council's Audit Fee and a forward look at issues which may affect the Council in the coming years. The Annual Audit Letter can be found at Appendix 2.

2.4 The Audit of the Whole of Government Accounts (WGA) is currently underway and there are currently no significant issues identified. The WGA audit is anticipated to be completed by 13 September 2019 in line with Central Government timelines.

2.5 Following the conclusion of the WGA audit the Council will advertise the completion of the 2018/19 audit process on its website and update Members of the Audit Committee.

3 **Options/Alternatives**

3.1 The Audit Committee members can either choose to note the contents of the report, the Auditor's letter "Conclusion of Pending Matters – Audit Completion Report" and the Annual Audit Letter or not to do so.

4 **Preferred Option**

4.1 The preferred option is that the Audit Committee notes the contents of the report, the Auditor's letter "Conclusion of Pending Matters – Audit Completion Report" and the Annual Audit Letter.

5 **Consultation**

5.1 Consultation has taken place with the Council's External Auditors, Mazars LLP. In addition, members of the public had the opportunity to inspect the Council's Statement of Accounts and supporting documents during the 30 day public inspection period which concluded on 21 June 2019.

5.2 The issue of a summary briefing and draft Statement of Accounts to Audit Committee members for review in advance of the distribution of the agenda papers for the Audit Committee meeting on 6 June, was a key element of the consultation process. Formal presentation of the accounts to Members of the Audit Committee at the Audit Committee meeting on 25 June 2019 allowed the opportunity for further review and scrutiny prior to the approval of the accounts.

5.3 In line with the Council's Financial Procedure Rules, the accounts will also be presented for noting to Cabinet on 16 September 2019 and Council on 6 November 2019.

6 **Financial Implications**

6.1 Dealt with in the body of the report.

7 **Legal Services Comments**

7.1 There are no Legal implications.

8 **Co-operative Agenda**

8.1 Improving the quality and timeliness of the financial information available to citizens of Oldham supports the cooperative ethos of the Council.

9 **Human Resources Comments**

9.1 There are no Human Resource implications.

10 **Risk Assessments**

10.1 There are no risk implications as a result of this report.

11 **IT Implications**

11.1 There are no IT implications as a result of this report.

12 **Property Implications**

12.1 There are no Property implications.

13 **Procurement Implications**

13.1 There are no Procurement implications.

14 **Environmental and Health and Safety Implications**

14.1 There are no Environmental and Health & Safety implications as a result of this report.

15 **Equality, Community Cohesion and Crime implications**

15.1 There are no Equality, Community Cohesion and Crime implications.

16 **Equality Impact Assessment Completed?**

16.1 Not Applicable.

17 **Key Decision**

17.1 No.

18 **Key Decision Reference**

18.1 Not Applicable.

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref:	Background Papers are provided at Appendices 1 and 2.
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20 **Appendices**

20.1 Appendix 1 – Letter from Mazars LLP “Conclusion of Pending Matters – Audit Completion Report”
Appendix 2 – Mazars LLP Annual Audit Letter