

AUDIT COMMITTEE
08/09/2022 at 6.00 pm



Present: Councillors Ahmad, Alyas, C. Gloster, Salamat and Ball

Also in Attendance:

Anne Ryans – Director of Finance/Section 151 Officer

Mark Stenson – Assistant Director of Corporate Governance and Strategic Financial Management

John Miller - Head of Audit and Counter Fraud

Victoria Gallacher – Head of Insurance and Information Management

Karen Murray – Mazars LLP (External Auditors)

Peter Thompson – Constitutional Services

1 APPOINTMENT OF CHAIR

In the absence of the Vice Chair the Committee was asked to nominate a Member to Chair the meeting.

Resolved:

That Councillor Ahmad be appointed Chair for the duration of the meeting.

Councillor Ahmad in the Chair.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Arnott, Iqbal and Islam.

3 URGENT BUSINESS

There were no items of urgent business received.

4 DECLARATIONS OF INTEREST

There were no declarations of interest received.

5 PUBLIC QUESTION TIME

There were no public questions for this meeting of the Committee to consider.

6 MINUTES

Resolved:

That the Minutes of the meeting of the Audit Committee, held 21st July 2022, be approved as a correct record.

7 EXTERNAL AUDIT PROGRESS REPORT

The Committee considered a report of the Council's external auditors, Mazars LLP, which detailed the progress that had been made on the external audit of the draft Statement of Final Accounts for 2021/22 and other matters that the External Auditor felt appropriate to highlight.

The final responsibility of the external auditors in respect of the 2020/21 financial year related to the Council's whole of

government accounts (WGA) return. The auditors were still awaiting the National Audit Office to clarify whether any further work was required to be carried out on the Council's WGA return. With regard to the 2021/22 audit, Mazars had commenced their audit of the Council's draft financial statements in June 2022. Their original timetable was to complete our testing by the end of August 2022, although that timetable had been the subject of some delays.

There were specific audit risks in the 2021/22 financial statements which were not been present in previous year's statements, for example: The transactions involving the Council's interest in 'Meridian' had resulted in the Council consolidating 'Meridian' into their Group financial statements for the first time, and there were related accounting and reporting consequences from the transactions; the accounting treatment of the transfer of Saddleworth School from the Department for Education to the Council, which was a material transaction that required specific audit procedures; the Council's subsidiary, Miocare, had changed its accounting year end to 31st March, impacting on the Council's Group accounts consolidation adjustments. In addition, there were some delays in obtaining supporting evidence, primarily from third parties that were outside the direct control of the Council, and responses to some audit queries, largely from the wider organisation. This had meant that the audit was not yet completed. The external auditors hoped to complete their audit work during September 2022, so as to report their audit findings to the next scheduled Audit Committee meeting, on 1st November 2022.

Resolved:

That the report be noted.

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2021/22 ANNUAL STATEMENT OF ACCOUNTS

The Committee considered a report of the Director of Finance that presented an update on the Council's Statement of Accounts for the financial year 2021/22. The report highlighted the current progress of the audit of the 2021/22 accounts by Mazars LLP. It also advised of the developments regarding the preparation and review of the Whole of Government Accounts for both 2020/21 and 2021/22 and provided an update on the Chartered Institute of Public Finance and Accountancy (CIFPA) consultation on Infrastructure Assets.

The Council was required to prepare a Statement of Accounts for each financial year in accordance with statutory timelines and accounting Codes of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounts were subject to scrutiny and approval by the Council's Audit Committee.

The Council submitted its draft financial statements to the External Auditors, Mazars LLP, on 31st May 2022. For 2021/22, as in previous years, Authorities were required to publish the dates of their public inspection period, providing a public notice on their websites, including when the public inspection period

commenced. Oldham Council had published such a notice and advised that the public inspection period ran from 1st June 2022 to 14th July 2022. No questions or challenges were received during the inspection period.

In line with good practice, the draft Statement of Accounts was issued to Audit Committee members. The presentation of the draft Statement of Accounts provided Audit Committee Members with the opportunity to review the Council's year-end financial position before they are required to formally approve the accounts. The Statement of Accounts were presented, with a covering report outlining key issues, to the Audit Committee to consider at its meeting held 21st June 2022. This had given members of the Audit Committee the opportunity to consider the key issues and ask Council officers and the External Auditor's representative any relevant questions. All matters raised were addressed at the meeting to the satisfaction of the Committee. An update on the progress of the audit of the accounts and other related issues was presented to the Audit Committee's meeting on 21st July 2022.

The legislation required that following the conclusion of a 30-working day period of public inspection the Council would be able, subject to audit, to submit the Statement of Accounts for consideration and approval to Committee or by Members meeting as a whole. For Oldham, the body designated to receive the accounts is the Audit Committee. As outlined in section 2 of the report, the audit is still in progress and an update was provided elsewhere on the agenda by the External Auditor (see minute 7 above).

Resolved:

1. That the report be noted
2. That an additional meeting of the Committee be convened, if necessary, to approve the finalised Annual Statement of Accounts.

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UPDATE ON FINANCIAL ADMINISTRATION

The Committee considered a report of the Assistant Director of Corporate Governance and Strategic Financial Management, the purpose of which was to update Members on key matters both nationally and locally impacting on Audit and Governance.

The key matters covered in this report were issues of Financial Administration at the following Authorities/ organisations: Nottingham City Council, The London Borough of Croydon, Slough Borough Council, Northumberland County Council, Thurrock Council, Liverpool City Council, Sandwell Metropolitan Council, Luton Borough Council, Lancashire County Council, Northwest Community Bank and Together Energy. The report also advised of recent communications from the Department for Levelling Up, Housing and Communities (DLUHC) about the future use of capital receipts and the engagement of consultants for the purposes of interpreting Government policy. It also details other areas of potential interest which could result in

further reports which are critical of financial administration for the Authorities detailed above.



The Committee were advised that there were some Council investments, made by the authorities, detailed in the report, where there had been losses that have either become apparent or where there is a risk of future losses not yet recognised in their financial statements. The situation at the London Borough of Croydon around their investment in the wholly owned company "Brick by Brick" and the Slough Borough Council investment in partnerships had previously been reported to this Committee so were not repeated in this report.

The Committee requested that arrangements be made by the Council to formalise investments to ensure that the actions of the Director of Finance/Section 151 Officer are safeguarded from any unnecessary risks.

Resolved:
That the report be noted.

The meeting at this point was adjourned as confirmation was received that Her Majesty Queen Elizabeth II had died. All outstanding business in respect of agenda items 9 - 14 inclusive were noted, as follows:

- 9 Internal Audit and Counter Fraud Progress Report 2022/23
- 10 Proposed Audit Committee Work Programme for 2022/23
- 11 Exclusion of the Press and Public
- 12 Update on the Annual Governance Statement for 2021/22 and New Issues
- 13 Update on the Corporate Risk Register for 2022/23
- 14 Potential Risks to the Council Linked into Northern Roots (Oldham) Limited

Members and Officers present observed a moment's silence as a mark of respect.

The meeting started at 6.00pm and ended at 6.35pm