

Audit Progress Report

Oldham Metropolitan Borough Council

September 2020





CONTENTS

1. **Audit progress**
2. **National publications**

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1. AUDIT PROGRESS

Purpose of this report

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

Audit progress

With regards to our external audit of Oldham Metropolitan Borough Council, since the last Committee meeting:

- We have continued to progress our completion of the audit of the Council's financial statements. In particular we have completed the following items that were noted as outstanding in our draft Audit Completion Report issued to the last Audit Committee meeting:
 - Valuation of Property, Plant & Equipment assets.
 - Valuation of Heritage Assets.
 - Valuation of the Council's share of the land at Manchester Airport.
 - Categorisation of the Council's investment in Manchester Airport.
 - Consideration of the Council's impairment of short term debtors.
 - Categorisation and valuation of provisions, contingent liabilities and contingent assets.

- We have held ongoing liaison discussions with Council officers on the remaining outstanding items, which are:
 - Resolution of final queries on the valuation of the Council's Pension Fund liability including receipt of audit assurance from the auditor of GM Pension Fund once the Fund external audit is completed.
 - Receipt of the final signed management representation and final signed financial statements.

The Council has made some further minor, non-material, adjustments to the disclosures in the financial statements but none of these impacted on the reported financial position or results for the year.

We expect to complete the final elements of the work and provide our audit report during September 2020.

There are no additional matters to report to the Audit & Governance Committee relating to our 2019/20 external audit.

2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
National Audit Office			
1	Managing PFI assets and services as contracts end	Information on managing PFI contracts as they come to an end	5
2	Whole of Government Accounts 2018-19	Published version of WGA for the previous year	5
3	Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19	Practical guide for Audit Committees	5
CIPFA			
4	Code of Practice on Local Authority Accounting in the United Kingdom 2020/21	Code of Practice for the Financial Statements 2020/21	6
5	Delivering Outcomes in the Public Sector	Practical guide to assist public sector organisations	6

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

1. Managing PFI assets and services as contracts end, June 2020

The NAO have published a report providing information on managing PFI contracts as they come to an end and considering whether government is making appropriate preparations to manage the expiry of PFI contracts. There are currently over 700 operational PFI contracts in place in the UK with a capital value of £57 billion. This study focusses on the 571 English PFI contracts, excluding those for which devolved governments are responsible.

The purpose of the report is to draw out the challenges and best practice that can most benefit those managing PFI contracts coming to an end. NAO identify illustrative examples from specific PFI contracts, and provide helpful prompts to draw the reader's attention to some of the potential risk's authorities may face, enabling preventative steps to be considered.

In the report, NAO examines:

- the background to PFI, the contracts which are due to expire, and the roles and responsibilities of key stakeholders;
- the skills and capabilities of authorities for the expiry process and aspects of day-to-day management of the contracts relevant for the preparation process; and
- the preparation for and delivery of contract expiry.

<https://www.nao.org.uk/report/managing-pfi-assets-and-services-as-contracts-end/>

2. Whole of Government Accounts 2018-19, July 2020

The Whole of Government Accounts consolidates the accounts of over 9,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

<https://www.nao.org.uk/report/whole-of-government-accounts-2018-19/>

3. Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19, June 2020

Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.

This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak, including on:

- annual reports;
- financial reporting;
- the control environment; and
- regularity of expenditure.

The guide may also be used as organisations and audit and risk committees consider reporting in the 2020-21 period when more specific and detailed reporting on the outbreak will be required.

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

2. NATIONAL PUBLICATIONS – CIPFA

4. Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, July 2020

This code is prepared under International Financial Reporting Standards (IFRS), which have been adopted as the basis for public sector accounting in the UK. The 2020/21 Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2020.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202021>

5. Delivering Outcomes in the Public Sector, August 2020

Delivering Outcomes in the Public Sector is practical guidance for anyone with a role or interest in improving public services and ensuring that public money is directed towards meeting the needs of citizens. It uses an outcomes approach to address challenges in public spending.

Outcomes are a way of defining effectiveness, or benefits, but in order to assess value for money, practitioners need to consider costs as well as benefits. Political judgement is also required to determine spending priorities depending on the relative importance of different outcomes.

The rationale for an outcomes approach – a way of thinking and working that focuses on things that customers value – seems self-evident, but public sector organisations face significant challenges in:

- translating outcomes into measurable indicators of performance
- assessing the impact that a particular service or programme has on outcomes.

This guidance provides advice about how to navigate these challenges and avoid the various pitfalls that can trap the unwary. Key points are illustrated with examples that give a real insight into the detailed work required to plan and implement an outcomes approach.

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-outcomes-in-the-public-sector>

CONTACT

Partner: Karen Murray

Phone: 0161 238 9248

Mobile: 07721 234043

Email: karen.murray@mazars.co.uk

Senior Manager: Alastair Newall

Phone: 0161 238 9243

Mobile: 07909 986776

Email: alastair.newall@mazars.co.uk