



Oldham
Council

Report to Audit Committee

Update on Audit Matters

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Green

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Reason for Decision

This report sets out the plan to:

- a) Recruit an Independent Chair to the Audit Committee
- b) Tender for one provider of external audit for Housing Benefit Subsidy grant claims, certification of pensions contributions for the Teachers' Pension Agency, the accounts of The Unity Partnership Ltd. and the MioCare Group Community Interest Company.

Executive Summary

The three recruitment exercises for an Independent Chair of the Audit Committee during the period 2018, 2019 and 2020 have not attracted a suitable shortlist. This was despite placing a national advert with the Chartered Institute of Public Finance and Accountancy for the third advert. With the present uncertainty around COVID it is proposed to defer the next effort at recruitment until 2021.

At present there are three separate external auditors providing external audit to the 100% Council owned companies (The Unity Partnership Ltd and the MioCare Group Community interest Company) and for the certification of the specific grant and pension contributions returns (Housing Benefit Subsidy grant claim and Teachers' Pension Agency return). During September it is planned to undertake a tender exercise to appoint one auditor for this work.

Recommendation

Members approve the planned approach to recruit an Independent Chair and note the planned tender for external audit to appoint one external auditor.

Update on Audit Matters

1 Background

1.1 At present the Audit Committee is overseen by the Vice Chair who has been appointed from amongst the Elected Members. The position of the Chair is reserved for an Independent Appointment. The three recruitment exercises for an Independent Chair of the Audit Committee during the period 2018, 2019 and 2020 have not attracted a suitable shortlist. This was despite placing a national advert with the Chartered Institute of Public Finance and Accountancy for the third advert. (a copy of a previous advertisement is attached at Appendix 1 for reference). Although the importance of recruiting an independent Chair is recognised, it is proposed, due to the challenges arising from the COVID-19 pandemic, to defer advertising again until an appropriate time in 2021.

1.2 There are three separate external auditors appointed by the Council in respect of the 100% owned companies and specific grant audits as detailed below:

- The MioCare Group Community interest Company (CIC) is audited by Grant Thornton UK LLP
- The Unity Partnership Ltd. is audited by Mazars LLP
- The Housing Benefit Subsidy grant claim and pensions contributions return for the Teachers' Pension Agency are audited by KPMG LLP

1.3 The appointment of the external auditors to the two companies can continue indefinitely. However, the appointment of the auditor for the specific grants/pension contributions was via a procurement arrangement with other Greater Manchester Councils and ended at the end of 2019/20 financial year with the option to extend for a further year. The Council is proposing to use the end of this assignment to undertake a procurement for one external auditor.

1.4 The 100% owned companies now use the Council systems to support the production of their accounts. As such it is now felt an appropriate time to appoint one external auditor as they are effectively auditing similar systems.

2 Recruitment of Audit Committee Chair

2.1 The Council has approval to appoint an Independent Chair to the Audit Committee. It is proposed now, at an appropriate time in 2021, to undertake an exercise to appoint this Chair.

3 Tender for External Audit Services

3.1 The Council is proposing, with the support of its Procurement Team, to undertake an exercise to tender for one external audit provider for the 100% owned companies and the external grant/pensions return requiring audit. It is planned to issue the invitation to tender in September with the selection planned for October, so the appointment can be made by early November. This will support the audit of the accounts of the MioCare Group CIC, which, with effect from 1 April 2021, will operate a financial year that aligns with that of the Council and The Unity Partnership Ltd (it has previously operated a financial year from 1 January to 31 December but will transition during 2020/21 to a new reporting period).

4 **Way Forward**

4.1 It is recommended that the Council:

- Recruits an Independent Chair
- Undertakes an exercise to appoint one external auditor to its 100% owned companies and grant claim/pensions contribution return requiring auditing.

5 **Options/Alternatives**

5.1 The options are that the Council can:

- a) Agree the way forward as set out in this report
- b) Continue with the current arrangements for the Vice Chair to oversee the Audit Committee and the continued appointment of different External Auditors for grant/pension contributions audits and the audit of external companies.

6 **Preferred Option**

6.1 The preferred option is as presented at 5.1 (a), the Audit Committee approves the recruitment of the Independent Chair and the proposed tender for one external auditor for grant/pension contributions audits and the audit of external companies.

7 **Consultation**

7.1 There has been recent discussion with the Vice Chair of the Audit Committee, officers of The Unity Partnership, the MioCare Group CIC and Council officers. Members of the Audit Committee have previously been consulted on proposals to recruit an Independent Chair of the Committee.

8 **Financial Implications**

8.1 The cost of external audit will be met by the 100% owned companies for their audit. The grant audit will be borne by the Council. The overall value of the audit is estimated to be over £60,000. It is anticipated appointing one external auditor will result in savings (Anne Ryans)

9 **Legal Services Comments**

9.1 N/A.

10 **Cooperative Agenda**

10.1 N/A.

11 **Human Resources Comments**

11.1 N/A.

12 **Risk Assessments**

12.1 N/A.

13 **IT Implications**

13.1 N/A.

14 **Property Implications**

14.1 N/A.

15 **Procurement Implications**

15.1 N/A.

16 **Environmental and Health & Safety Implications**

16.1 N/A.

17 **Equality, community cohesion and crime implications**

17.1 N/A.

18 **Equality Impact Assessment Completed?**

18.1 None.

19 **Key Decision**

19.1 N/A.

20 **Forward Plan Reference**

20.1 N/A.

21 **Background Papers**

21.1 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:

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22 **Appendices**

22.1 Appendix 1 – Advertisement for the Role of Independent Chair of the Oldham Council Audit Committee
