

Audit Progress Report

Oldham Metropolitan Borough Council

October 2021



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Section 01:
Audit Progress

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

We completed our audit of the financial statements and signed our unqualified audit opinion on 30 September 2021. This was in line with the deadline for 2020/21. Our final audit completion letter issued at the conclusion of the audit updated the Audit Committee on the items listed as outstanding in our Audit Completion Report presented to the previous Audit Committee meeting. It also highlighted one additional uncorrected audit adjustment relating to the group consolidation and three additional recommendations arising from the completion of our IT audit work.

We are still to complete the final two elements of our 2020/21 audit: the work we are required to complete on the Council's value for money arrangements; and the work that we are required to complete on the Council's Whole of Government Accounts (WGA) submission.

We are progressing our value for money work, and are planning to complete this work before the end of December 2021. There are no matters to bring to the Committee's attention based on the work completed to date.

The Council's WGA submission is dependent on the government department providing their guidance and submission arrangements. The Council have yet to receive this information and consequently cannot yet submit its WGA return. Our audit work on the return will be completed once the Council has submitted this information. Our work is based on specific requirements communicated by the National Audit Office – these specific requirements have not yet been communicated. We will keep the Audit Committee updated on progress through subsequent update reports.

02

Section 02:

National Publications

National Publications

	Publication/update	Key points	Page
National Audit Office			
1	Financial sustainability of local authorities visualisation: update	Updated summary comparative analysis	7
CIPFA			
2	Code of Practice on Local Authority Accounting in the United Kingdom 2021/22	New code for 2021/22	8

NATIONAL PUBLICATIONS

National Audit Office

1. Financial sustainability of local authorities visualisation: update, July 2021

The data visualisation describes changes in English local authorities' financial circumstances over the last decade.

It updates a number of pieces of analysis originally set out in the NAOs 2018 report Financial sustainability of local authorities 2018 and its accompanying data visualisation (2018). It also draws on and updates analysis and findings from their 2016 report Financial sustainability of local authorities: capital expenditure and resourcing and its data visualisation (2016), and the 2020 report Local authority investment in commercial property.

Key themes explored in the data visualisation include:

- Reductions in revenue funding
- Growth in some new and alternative income streams
- Changing patterns of service spending
- New capital investment strategies and associated risks
- Changing patterns of financial sustainability

<https://www.nao.org.uk/other/financial-sustainability-of-local-authorities-visualisation-update/>

NATIONAL PUBLICATIONS

CIPFA

2. 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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