



Oldham
Council

Report to Audit Committee

2021/22 Annual Statement of Accounts

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Reason for Decision

The Audit Committee is charged with scrutiny and approval of the Statement of Accounts. This report presents an update on the current position regarding the audit and approval of the 2021/22 Statement of Accounts.

Executive Summary

The report presents an update on the Council's Statement of Accounts for the financial year 2021/22.

The report highlights the current position of the external audit by Mazars LLP, confirmation of the audit deadline for 2022/23 as 30 November 2022 and an update on the CIFPA Consultation on Infrastructure Assets.

Recommendations

That members of the Audit Committee note the update on the external audit of the Council's Statement of Accounts for 2021/22.

1 Background

- 1.1 The Council is required to prepare a Statement of Accounts for each financial year in accordance with statutory timelines and accounting practices. The accounts are subject to scrutiny and approval by the Council's Audit Committee.
- 1.2 The Council submitted its draft financial statements to the External Auditors, Mazars LLP, on 31 May 2022. For 2021/22, and as in previous years, Authorities must publish the dates of their public inspection period, providing a public notice on their websites when the public inspection period commences. The Council published such a notice and advised that the public inspection period runs from 1 June 2022 to 14 July 2022.
- 1.3 In line with good practice, the draft Statement of Accounts was issued to Audit Committee members. The presentation of the draft Statement of Accounts provides 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 was presented, with a covering report outlining key issues, to the Audit Committee at its meeting of 21 June 2022. This gave members of the Audit Committee the opportunity to consider the key issues and ask officers and the External Auditor any relevant questions. All matters raised were addressed at the meeting to the satisfaction of the Committee.
- 1.4 The legislation requires that following the conclusion of a 30-working day period of public inspection the Council must 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. This meeting of the Audit Committee has been arranged to provide and update as to the latest position.
- 1.5 At the last meeting of the Committee, Members were also advised that a consultation process regarding the deadline for the audit of accounts had recently concluded and its response was awaited. Members were also advised that It was intended that secondary legislation would be introduced which was expected to extend the deadline for the publication of Local Authority audited accounts for 2021/22 to 30 November 2022. In response to the consultation, the Accounts and Audit (Amendment) Regulations 2022 were laid before Parliament on 30 June 2022 and will come into force on 22 July 2022.

2 Current Position

- 2.1 As advised above, the Council submitted its draft financial statements to the External Auditors, Mazars LLP, on 31 May 2022 which is within the statutory deadline and was the Council's internal deadline as agreed with the External Auditor. The public inspection period began on 1 June 2022 and will conclude on 14 July 2022.
- 2.2 The audit of the accounts commenced on 6 June 2022 and is making good progress with all queries being promptly addressed. In order to facilitate the audit process, the Council made working papers available to the auditors at an early stage and as part of the Council's interim Audit during the financial year.
- 2.3 The Council prepares its Statement of Accounts in line with the CIPFA Code of Practice. For 2021/22 there have been no major changes to the original Code. However, as reported at the Audit Committee on 21 June 2022, there was an emergency consultation issued on the accounting practice for Infrastructure Assets. The Council responded to the consultation which concluded on 14 June 2022.

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- 2.4 At the time of writing this report, the outcome of the consultation has not been announced and the precise impact cannot be assessed. However, any changes required will impact on both the 2020/21 and 2021/22 accounts, both of which will then need to be restated. The restatement will be technical in nature. It must be noted that any delays in the outcome of the consultation may delay the conclusion of the audit of the Council's Statement of Accounts for 2021/22.
- 2.5 Mazars LLP cannot complete work on the Value for Money (VFM) opinion in respect of the Council's arrangements for the year ended 31 March 2022. This work is scheduled to be completed later in the audit and the Audit Committee will be updated as to progress at a meeting later in the year.
- 2.6 It is important to note that the audit process cannot be fully finalised until all the VFM work is finalised and the Whole of Government Accounts (WGA) audit is completed. The WGA audit cannot be undertaken yet and is programmed for later in the year.
- 2.7 With regard to the WGA, due to a delay by HM Treasury in issuing the WGA Toolkit for 2020/21, neither the Council nor the External Auditor have been able to finalise the audit of the accounts for the financial year 2020/21. The Council will submit its WGA for 2020/21 in line with the updated deadline of 31 July 2022. Until the audit of the WGA is completed, the 2020/21 audit remains open. Once the 2020/21 audit process is completed, the Council will advertise the conclusion of the 2020/21 audit process.
- 2.8 Following the conclusion of the audit of the 2021/22 Statement of Accounts, the production of the VFM opinion and WGA audit work, the Council will advertise the completion of the 2021/22 audit process on its website and update Members of the Audit Committee.
- 2.9 Given that the 2020/21 audit has not yet been completely finalised and that the accounting arrangements for Infrastructure Assets issue are still uncertain, then the finalisation of the 2021/22 audit may take some time.
- 2.10 As advised above, the Accounts and Audit (Amendment) Regulations 2022 were laid before Parliament on 30 June 2022 and will come into force on 22 July 2022. The 2022 (Amendment) Regulations change the deadline for publishing audited Local Authority accounts and were made in response to the Redmond Review's findings about the fragility of the local audit market. For 2021/22, the deadline for the publication of Local Authority audited accounts is extended from 30 September to 30 November 2022. Following this, and to provide certainty for the next contract period under the procurement arrangements being managed by Public Sector Audit Appointments (PSAA), the deadline will revert to 30 September for 6 years, until the end of the next appointing period.
- 2.11 The change will take effect for the 2022/23 accounts and end once the 2027/28 accounts have been completed. The deadline will then be reviewed, with the hope being that the backlog of Audits will be completed, and the capacity issues fully addressed.

3 Options/Alternatives

- 3.1 The Audit Committee members can either choose to note the update on 2021/22 Statement of Accounts or not to do so. There are no other alternatives.

4 Preferred Option

- 4.1 The preferred option is that Audit Committee members note the update of the 2021/22 Statement of Accounts.

5 Consultation

5.1 Consultation has taken place with the Council's External Auditors, Mazars LLP, in addition members of the public have the opportunity to inspect the Council's Statement of Accounts and supporting documents during the 30-working day public inspection period which will conclude on 14 July 2022.

5.2 The draft Statement of Accounts for the financial year 2021/22 was presented to the Audit Committee meeting of 21 June 2022 which was a key element of the consultation process. All questions and issues raised by Members were answered to the satisfaction of the Audit Committee.

5.3 Formal presentation of the accounts to Members of the Audit Committee will take place at a future meeting once the outcome and implications of the Infrastructure Asset consultation is known. This will allow the opportunity for a further review and scrutiny prior to the approval of the accounts.

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: Audit Committee meeting papers – 21 June 2021
<https://committees.oldham.gov.uk/ieListDocuments.aspx?CId=134&Mid=8596&Ver=4>

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20 Appendices

20.1 There are no Appendices.