



Oldham
Council

Report to Audit Committee

External Audit Progress Report

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Reason for Decision

To present to the Audit Committee, the Audit Progress Report for this Committee (attached at Appendix One) produced by our External Auditor Mazars LLP.

Executive Summary

The report presents to the Council the key information that the External Auditor feels appropriate to bring to your attention. It links into the 2021/22 Annual Statement of Accounts Update considered elsewhere on the agenda.

Recommendation

It is recommended that the Audit Committee notes the Audit Progress Report produced by Mazars LLP.

Appendix 1

Audit Progress Report

Oldham Metropolitan Borough Council

October 2022



1. Audit Progress
2. National Publications

01

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

2020/21 audit

Our final remaining responsibility in respect of the 2020/21 financial year relates to the Council's whole of government accounts (WGA) return. We are still awaiting the National Audit Office to clarify whether they require any work to be carried out on the Council's WGA return.

2021/22 financial statements audit

Our audit has progressed steadily. Although we have yet to complete all of our work on the Council's draft financial statements, we are reaching the completion of our audit fieldwork. We have held regular discussions with the Director of Finance and the finance team through the audit, and we are grateful for their continued support.

As reported in to the previous Committee there are new transactions and balances in the financial statements this year which mean we have needed to undertake additional audit procedures. There are also issues identified as a result of audit queries which have impacted on the financial statements. As a result, we expect there will be some adjustments to the draft accounts before we can issue our audit report and opinion.

The significant adjustments are likely to be:

- Net pension liability – the net liability included pension assets based on actual Pension Fund investment assets at 31 December 2021 with an estimate of the January to March 2022 return on assets. Our information from the Pension Fund indicated that the estimate might be materially understated and following discussions with the Council's finance team they obtained an updated actuarial report based on the actual value of investment assets at 31 March 2022. This increased the pension assets, and reduced the net pension liability, by £15m.
- Valuation of the Council's investment in Manchester Airport – following audit queries from Mazars valuation team, the Council received an updated valuation of its shares in Manchester Airport. The Council's experts revised their valuation, reducing the valuation at 31 March 2022 by £15m to £23m. This adjustment also impacts on the previous two years' valuations.
- Group accounts – the Council consolidated its subsidiary company, Meridian, into its draft group financial statements. Following audit queries the Council has obtained a valuation of the assets in the subsidiary company. Based on this revised valuation, the Council has concluded the subsidiary financial information is not material to the Council's group and has removed the subsidiary from its group accounts.

We will report these issues along with all non-trivial matters identified through the audit in our Audit Completion Report. We intend to present a draft of this report to the next Audit Committee meeting.

Audit Progress

2021/22 financial statements audit (continued)

The Committee will be aware of the ongoing issue relating to local government bodies' accounting for infrastructure assets. We are still awaiting confirmation of the way forward with this matter. Once the way forward is published, the Council will need to consider what further work is required in order to materially fairly state its infrastructure assets balance. We will then liaise with the Council to understand the Council's proposed way forward. Once the Council's work is complete, we will undertake our audit procedures.

We will update the Committee as more information becomes available.

2021/22 work on the Council's arrangements to deliver value for money

We are expecting to shortly receive the Council's updated self assessment of its arrangements. We are completing our fieldwork on the Council's arrangements for the 2021/22 financial year, and intend to report the findings from our work on the Council's value for money arrangement in our Audit Completion Report.

There are no matters arising from the fieldwork completed to date to report to the Committee.

02

Section 02:

National Publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1	Audit Committees: Practical Guidance For Local Authorities And Police (2022 edition)	Guidance for Audit Committees
National Audit Office (NAO)		
2	Introducing Integrated Care Systems: joining up local services to improve health outcomes	Overview of Integrated Care Systems
3	A guide to corporate finance in the public sector	A good practice insight guide for senior leadership
Public Sector Audit Appointments Ltd		
4	Consultation on proposed auditor appointments from 2023/24	Consultation document

NATIONAL PUBLICATIONS

CIPFA

1. Audit Committees: Practical Guidance For Local Authorities And Police (2022 edition), October 2022

Audit committees are a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams, elected representatives, police and crime commissioners and chief constables.

This edition updates CIPFA's 2018 publication to complement the 2022 edition of the CIPFA Position Statement on audit committees.

The suite of publications has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee.

New aspects include legislation changes in Wales and new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

The appendices include suggested terms of reference, a knowledge and skills framework and effectiveness improvement tools.

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

NATIONAL PUBLICATIONS

National Audit Office

2. Introducing Integrated Care Systems: joining up local services to improve health outcomes, October 2022

Integrated Care Systems (ICSs) bring together NHS, local government and other partner organisations to plan and deliver integrated services to improve the health of the local population. There are 42 ICSs covering the whole of England, ranging in size from 542,000 people to 3.51 million. ICSs were introduced into legislation by the Health and Care Act 2022, the relevant provisions of which took effect from 1 July 2022.

This report examines the setup of ICSs by DHSC, NHS England (NHSE), and their partners and the risks they must manage. Unlike many National Audit Office reports, this is not an assessment of whether the programme has secured good value for money to date because ICSs have only recently taken statutory form. Instead, it is an assessment of where they are starting from and the challenges and opportunities ahead. NAO makes recommendations intended to help manage those risks and realise those opportunities.

The summary provides the key findings, our conclusion on ICSs' likely success, and our recommendations. The rest of the report sets out:

- an introduction to ICSs, describing their structure, objectives, and governance arrangements (Part One);
- an overview of the positions that ICSs are starting from, in terms of finances, staffing and activity levels, and some of the wider challenges facing the health and care sector (Part Two); and
- an examination of government's efforts to improve population health through better integration and a focus on prevention, and our assessment of ICSs' prospects for success this time (Part Three).
Introducing Integrated Care Systems: joining up local services to improve health outcomes.

<https://www.nao.org.uk/reports/introducing-integrated-care-systems-joining-up-local-services-to-improve-health-outcomes/>

3. A guide to corporate finance in the public sector, September 2022

Corporate finance is a complex and specialist topic. NAO examined corporate finance transactions and the organisations performing these for more than 35 years. There are many factors senior leaders must consider to ensure public bodies manage the risks and benefits to taxpayers when using corporate finance techniques.

The interactive guide contains useful insights from 139 NAO reports and sets out key questions for senior decision-makers to consider when overseeing corporate finance activities. It may also be of interest to professionals supporting the government to deliver a range of transactions, including commercial investments, loans and guarantees.

<https://www.nao.org.uk/insights/guide-to-corporate-finance-in-the-public-sector/>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments Ltd

4. Consultation on proposed auditor appointments from 2023/24, October 2022

PSAA is consulting on the on the proposed auditor appointments for all opted-in bodies for audits from 2023/24 to 2027/28. The consultation will close on 14 November 2022.

<https://www.psa.co.uk/2022/10/consultation-on-proposed-auditor-appointments-from-2023-24/>

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