



**Oldham**  
Council

## Report to Audit Committee

# 2021/22 Annual Statement of Accounts

**Portfolio Holder:** Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member for Finance and Low Carbon

**Officer Contact:** Anne Ryans – Director of Finance

**Report Author:** Lee Walsh – Finance Manager (Capital and Treasury)

**Email:** lee.walsh@oldham.gov.uk

**29 November 2022**

---

---

### 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 progress of the audit of the 2021/22 accounts by Mazars LLP. It also advises of the developments with regard to the preparation and review of the Whole of Government Accounts for both 2020/21 and 2021/22 and provides an update on the Department for Levelling Up, Housing & Communities (DLUHC) consultation on Infrastructure Assets.

### Recommendations

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

**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 Codes of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). 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 had to 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 ran from 1 June 2022 to 14 July 2022. No questions or challenges were received during this inspection period.
- 1.3 Members will recall that in line with good practice, the draft Statement of Accounts was issued to the Audit Committee and provided to 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. The Audit Committee had 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. An update on the progress of the audit of the accounts and other related issues was presented to the Audit Committee on 21 July 2022, 8 September 2022 and 1 November 2022.
- 1.4 The legislation requires that following the conclusion of a 30-working day period of public inspection the Council is able, subject to audit, to 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. As outlined in section 2, the audit is still in progress and an update is provided elsewhere on the agenda by the External Auditor.

**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 was 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 concluded on 14 July 2022.
- 2.2 The audit of the accounts commenced on 6 June 2022 and is moving to a conclusion. 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. All queries were dealt with as promptly as possible.
- 2.3 There are currently some outstanding audit items that needed to be completed by the External Auditor. The outstanding items are:
- a) Fair Value Financial Instrument disclosures
  - b) Work on the consolidation of the Council's Group Accounts
  - c) Pension Assurances
  - d) Infrastructure Assets
  - e) Investment Properties
  - f) Provisions

---

2.4 The progress/key issues in relation to these items is set out as follows:

- a) The External Auditors have requested further information on the Fair Value disclosure of the Council's loans to Manchester Airport. The Council's treasury advisors Link Asset Services have provided more detail, and this is under review by the External Auditors.
- b) The External Auditors work on the Council's Group Accounts is in the final stages following the removal of the Meridian Group from the Council's Group Accounts on the grounds of materiality and it is expected that the work will be completed shortly.
- c) With regards to the pension assurances, before Mazars can finalise the audit of the Council's pension fund liability they must have assurance with regards to the audit of the Greater Manchester Pension Fund (GMPF). This item is beyond the influence of the Council, but it is expected that the appropriate pension assurances on the GMPF accounts will be received shortly.
- d) Members will recall previous reports to this Committee which advised that, although there were no major changes to the 2021/22 CIPFA Code of Practice which governs the preparation of the accounts, in May 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. A commentary on the outcome of the consultation exercise was reported to the Audit Committee on 8 September which advised that no acceptable recommendations for change to accounting practice had been agreed. On 27 October 2022, a further consultation was issued by the Department for Levelling Up, Housing & Communities (DLUHC). In the consultation, the Government proposed to introduce a statutory override, Regulation 30M to the Capital Finance and Accounting Regulations, which will allow Local Authorities in England to treat the value of any replacement component of infrastructure assets as nil, without the need for further evidence. The proposed override applies to all Local Authorities accounts in England for which an audit certificate has not been issued, and is time limited such that the last financial year it applies will be 2024/25.

The Consultation concluded on 7 November 2022 and the Council provided a response to the draft Statutory Instrument. At the time of preparing this report, no formal notification about the outcome of the latest consultation had been received. Therefore, at this present time the timeline for the finalisation of the 2021/22 accounts remains unclear. Members will be advised if and when there is an agreed approach.

- e) The External Auditors are completing their work on the review of the valuation of the Council's share of land at Manchester Airport. This item is beyond the influence of the Council, but it is expected that the appropriate assurances on the valuation will be received shortly.
- f) Work on the Council's Provisions is almost complete. The Council has provided further information on the recognition and valuation of the Provisions held in the Council's accounts. It is expected that this work will be finalised soon.

2.5 The Council has concluded the preparation of its self-assessment for the year ended 31 March 2022 in relation to its arrangements to deliver Value for Money (VFM). The VFM self-assessment is with the External Auditors and work on the VFM opinion will commence shortly.

- 
- 2.6 It is important to note that the audit process cannot be fully finalised until all the VFM and the Whole of Government Accounts (WGA) work is completed.
- 2.7 The Committee has previously been advised that the WGA for 2020/21 was submitted in accordance with the revised timelines.
- 2.8 The Council has been advised that the Government does not require any audit work on the 2020/21 WGA, however, as the National Audit Office audits the WGA, it has not yet advised if it requires any work on the Oldham WGA. Mazars LLP is still waiting for notification as to any action required.
- 2.9 Until the audit review of the WGA is completed, the 2020/21 audit remains open. Once the 2020/21 process is completed, the Council will advertise the conclusion of the 2020/21 audit process.
- 2.10 It is important to note that the infrastructure assets issue will need to be considered in the context of the 2020/21 accounts as the External Auditor must consider if there have been any developments which would have a material impact on the accounts and then take appropriate action. As noted in paragraph 2.4(c), the potential impact of the proposed Statutory Instrument may have an impact on the timeline for the conclusion of the 2021/22 audit which in turn, influences the finalisation of the 2020/21 audit.
- 2.11 Based on the work completed so far, the External Auditor would anticipate issuing an unqualified opinion on the Council's Statement of Accounts for 2021/22 without modification. Following the conclusion of the audit of the 2021/22 Statement of Accounts, the approval of the accounts, the production of the VFM opinion and conclusion of the 2021/22 WGA work, the Council will advertise the completion of the 2021/22 audit process on its website and update Members of the Audit Committee accordingly.
- 2.12 Given that the 2020/21 audit has not yet been completely finalised and that the accounting arrangements for the infrastructure assets issue are still uncertain, then the finalisation of the 2021/22 audit is still unknown.

### **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 had the opportunity to inspect the Council's Statement of Accounts and supporting documents during the 30-working day public inspection period which concluded on 14 July 2022. No questions or challenges were received during this inspection period.
- 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. A further update on the progress of the Audit was presented at the meetings on 21 July 2022, 8 September 2022 and 1 November 2022.

---

5.3 The 2021/22 draft Statement of Accounts was an agenda item and therefore presented to and discussed at the meeting of the Performance Overview and Scrutiny Committee on 1 September 2022.

5.4 It is expected that the formal presentation of the accounts to Members of the Audit Committee will take place at a meeting of the Committee in early 2023 depending on the outcome of the Statutory Instrument to the amendment of Capital Finance and Accounting Regulations on the valuation of the infrastructure assets.

## **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 co-operative ethos of the Council.

## **9 Human Resources Comments**

9.1 There are no Human Resource implications.

## **10 Risk Assessments**

10.1 There are no direct risk implications as a result of this report. Until there is a resolution to the infrastructure assets matter there is a risk all Local Authority accounts in England and Wales will remain open for a significant period of time. (Mark Stenson)

## **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 2022  
<https://committees.oldham.gov.uk/ieListDocuments.aspx?CId=134&MId=8596&Ver=4>

                                  Audit Committee meeting papers – 21 July 2022  
<https://committees.oldham.gov.uk/ieListDocuments.aspx?CId=134&MId=8597&Ver=4>

                                  Audit Committee meeting papers – 8 September 2022  
<https://committees.oldham.gov.uk/ieListDocuments.aspx?CId=134&MId=8598&Ver=4>

                                  Audit Committee meeting papers – 1 November 2022  
<http://decisionrecording.oldham.gov.uk/ieListDocuments.aspx?CId=134&MId=8599&Ver=4>

Officer Name:            Lee Walsh  
Contact:                    lee.walsh@oldham.gov.uk

**20 Appendices**

20.1 There are no Appendices.