

**AUDIT COMMITTEE**  
**01/11/2022 at 6.00 pm**



**Present:** Councillor Islam (Vice-Chair, in the Chair)  
Councillors Ahmad, Alyas, C. Gloster, Salamat and Ball

Also in Attendance:

Karen Murray	Mazars LLP External Auditors
John Miller	Head of Audit and Counter Fraud
Peter Thompson	Principal Constitutional Services Officer
Anne Ryans	Director of Finance
Mark Stenson	Assistant Director of Corporate Governance and Strategic Financial Management
Paul Rogers	Constitutional Services

1           **APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

2           **URGENT BUSINESS**

There were no items of urgent business received.

3           **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4           **PUBLIC QUESTION TIME**

There were no public questions for this meeting of the Committee to consider.

5           **MINUTES OF PREVIOUS MEETING**

Resolved:

That the Minutes of the meeting of the Audit Committee, held on 8 September 2022, be approved as a correct record.

6           **EXTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report of the Council's external auditors, Mazars LLP, which presented to the Council key information that the External Auditor feels appropriate to bring to the Committee's attention. It provided the Committee with an update on progress in delivering their responsibilities as External Auditors. The report linked with the 2021/22 Annual Statement of Accounts Update, Minute No.7 to these Minutes refers.

Karen Murray, External Auditor, advised that the Department of Levelling Up, Housing and Communities has started consultation with regard to the accounting for infrastructure assets and the result of the consultation would be effective from the end of December 2022 after which Mazars will be able to finalise the audit of the 2021/22 accounts. Regarding the Council's value for money arrangements, this was still ongoing and the findings from their work on this issue will be in their Audit Completion Report.

Resolved:  
That the Audit Progress Report produced by Mazars LLP be noted.

7 **2021/2022 ANNUAL STATEMENT OF ACCOUNTS**

The Committee considered a report of the Director of Finance the purpose of which was to present an update on the Council's Statement of Accounts for the financial year 2021/22.

The Committee was informed that 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. It is anticipated that the Committee will be able to consider the audited accounts at its next meeting on 29 November 2022, albeit without the finalisation of the issue related to the valuation of infrastructure assets.

The Council has not yet 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). This will be completed shortly. This will then enable the External Auditor to finalise work on the VFM opinion.

Also in progress was the finalisation of queries relating to the 2021/22 Accounts although there remains the infrastructure assets issue which is still to be formally concluded and is currently outside of the Council's control. The Committee was informed that the officers had worked to speed up the process for finalising the accounts but that events, particularly Covid, had made that approach more difficult. The Council was however ahead of most other authorities in concluding the 2021/22 Accounts.

Resolved;  
That the Update on the audit of the Council's Statement of Accounts for 2021/22 and related matters be noted.

8 **TREASURY MANAGEMENT MID-YEAR REVIEW 2022/23**

The Committee considered a report of the Director of Finance which advised the Audit Committee of the performance of the Treasury Management function of the Council for the first half of 2022/23 and provided a comparison of performance against the 2022/23 Treasury Management Strategy and Prudential Indicators.

Prior to presenting a Briefing Note for the Committee, the Director of Finance made reference to the market turbulence as a consequence of the Mini Budget and the new incoming Prime Minister which had affected the Council's Treasury Management position.

The Committee was presented with a Briefing Note (attached as Appendix 3 to the report) which had been prepared to advise Members of the Audit Committee as to the key issues within the 2022/23 Treasury Management Half Year Review. The briefing note set out and expanded on the following 8 matters:

- (i) Compliance with Statutory and CIPFA requirement.
- (ii) Change in the Authorised Limit and Operational Boundary.
- (iii) The Council's Capital Expenditure and Financing during the first half of 2022/23.
- (iv) The Council's overall borrowing need.
- (v) Treasury Position at 30 September 2022.
- (vi) Borrowing Outturn.
- (vii) Investment Portfolio.
- (viii) Other Key Issues.

The Briefing Note referred to the repayment of £6.6 million of loan stock which had reached its maturity date at the end of September 2022 thus reducing the level of outstanding debt as the borrowing had not been replaced.

The Director of Finance made particular reference to the volatility of interest rates which have a major bearing on whether current Lender Option Borrower Loans are repaid at their call in date or whether it would be appropriate to accept the increased interest rate on those loans for a further period. It is a case watching the markets and keeping borrowing position under review.

Resolved:

That the Audit Committee commends the following to Cabinet:

- a) Treasury Management activity for the first half of the financial year 2022/23 and the projected outturn position.
- b) Amendments to both Authorised Limit and Operational Boundary for external debt as set out in the table at Section 2.4.5 of the report.
- c) Amendments to the Capital Financing Requirement as set out in the table at section 2.4.5 of the report.

## **UPDATE ON GENERAL MATTERS**

The Committee considered a report of the Assistant Director of Corporate Governance and Strategic Financial Management which sets out several matters impacting on this Committee in

undertaking its governance role within the Council. It covers external audit matters, the production of local authority accounts and recent key publications which have been publicised. These were covered in Sections 2-4 of the report.

He drew the Committee's attention to paragraph 3.1 of the report regarding the appointment of an Independent Chair to the Audit Committee which would be covered in an item for consideration at the Council meeting on 2 November 2022.

He also made reference to CIPFA's publication – a Position Statement on the Audit Committee. He advised that although not included in the current work plan, (referred to at Minute No.12 to these Minutes) it would be sensible for the Assistant Director of Corporate Governance and Strategic Financial Management to review the publication and, where appropriate, report back to this Committee and incorporate the work into the next update of the Committee's work programme.

Resolved: That

- (i) the Assistant Director of Corporate Governance and Strategic Financial Management to review the publication and, where appropriate, report back to this Committee and incorporate the work into the next update of the Committee's work programme; and
- (ii) the report be noted.

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### **ANNUAL GOVERNANCE STATEMENT 2021/2022**

The Committee considered a report of the Assistant Director of Corporate Governance and Strategic Financial Management which updated the Annual Governance Statement which is an integral part of the Statement of Final Accounts. The report presents to the Council the Annual Governance Statement for 2021/22. Other than some minor wording changes there are no fundamental changes to the draft Annual Governance Statement which was presented to this Committee on 21 June 2022.

Resolved:  
That the report be noted.

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### **UPDATED AUDIT COMMITTEE WORK PROGRAMME 2022/23**

The Committee considered the Updated Audit Committee Work Programme for 2022/23.

The Assistant Director of Corporate Governance and Strategic Financial Management made reference to Minute No.9 to these Minutes where it was agreed that he would review CIPFA's publication on the Audit Committee and, where appropriate, report back to this Committee and incorporate the work into the next update of the Committee's work Programme.

Resolved: That

- (i) the CIPFA Publication on the Audit Committee be reviewed and where appropriate the review findings be incorporated into the Audit Committee work programme; and
- (ii) the Updated Audit Committee Work Programme for 2022/23 be noted.



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### **2022/2023 INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT**

The Committee considered a report of the Head of Audit and Counter Fraud which provided Members with a high-level summary of progress on the work of the Internal Audit and Counter Fraud team for the 2022/23 financial year.

Reference was made by a Member to Appendix 1 to the report and, in particular, where there is an Inadequate Opinion shown against some departments. It was suggested that the Committee should see further details of these inadequacies.

The Director of Finance informed the Committee that she would look into bringing details of these to Committee.

Resolved: that

- (i) the Director of Finance to look into bringing details where it is shown that there is an Inadequate Opinion shown against some departments more particularly referred to in Appendix 1 to the report; and
- (ii) the report be noted.

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### **EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they contain exempt information under paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act, and it would not, on balance, be in the public interest to disclose the reports.

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### **APPOINTMENT OF EXTERNAL AUDITOR 2023/24 - 2027/28**

The Committee considered a report of the Assistant Director of Governance and Strategic Financial Management which presented to the Audit Committee the proposed appointment of the External Auditor via the Public Services Audit Appointments procurement for five financial years between 2023/24 and 2027/28 the Audit Committee.

Resolved:

That the proposed appointment of the Council's External Auditor to Oldham Council for the five year period from 2023/24 as set out in the report recommendation be approved.



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**POTENTIAL RISKS TO THE COUNCIL LINKED INTO NORTHERN ROOTS (OLDHAM) LIMITED**

The Committee considered a report from the Assistant Director of Corporate Governance and Strategic Financial Management the purpose of which was to update Members of the Audit Committee as requested at a previous meeting, on the perceived risks (as set out in Appendix 3 to the report) to the Council associated with the future operation of Northern Roots (Oldham) Limited. This is an update to the report submitted to but not considered at the meeting of the Audit Committee on 8 September 2022, as the meeting had to be adjourned.

A Member suggested that the Committee should receive a 6 monthly dashboard report which gives details of potential risks on all Council associated projects.

Resolved: That

- (i) The Committee notes the key perceived risks as detailed in this report relating to Northern Roots (Oldham) Limited 2); and
- (ii) that 6 monthly update reports advising of the developing risk position be submitted to future meetings.

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**UPDATE ON THE ANNUAL GOVERNANCE STATEMENT FOR 2021/22 AND NEW ISSUES FOR 2022/23**

The Committee considered a report of the Assistant Director of Corporate Governance and Strategic Financial Management the purpose of which was an Update on the Annual Governance Statement for 2021/22 and New Issues for 2022/23.

Resolved:

That the report be noted.

The meeting started at 6.00 pm and ended at 7.30 pm