

***AUDIT COMMITTEE
Regulatory Committee
Agenda***

Date	Tuesday 31 October 2023
Time	6.00 pm
Venue	Crompton Suite, Civic Centre, Oldham, West Street, Oldham, OL1 1NL
Notes	<p>1. DECLARATIONS OF INTEREST- If a Member requires advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Paul Entwistle or at least 24 hours in advance of the meeting.</p> <p>2. CONTACT OFFICER for this agenda is Tel. 0161-770-5151 or email constitutional.services@oldham.gov.uk</p> <p>3. PUBLIC QUESTIONS - Any member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the contact officer by 12 noon, Thursday, 26 October 2023.</p> <p>MEMBERSHIP OF THE AUDIT COMMITTEE Councillors Akhtar, Al-Hamdani, Arnott, S. Bashforth, Birch, Davis, Ghafoor, Salamat and Sykes Independent Members: Grenville Page</p>

Item No

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| 1 | Apologies For Absence |
| 2 | Urgent Business

Urgent business, if any, introduced by the Chair |
| 3 | Declarations of Interest

To Receive Declarations of Interest in any Contract or matter to be discussed at the meeting. |
| 4 | Public Question Time

To receive Questions from the Public, in accordance with the Council's Constitution. |

- 5 Minutes of Previous Meeting (Pages 1 - 16)
- The Minutes of the Audit Committee held on 5 September 2023 are attached for approval.
- 6 Update on External Audit Matters
- Report to Follow.
- 7 Update on General Matters (Pages 17 - 24)
- To receive and discuss an update on General Matters.
- 8 Teachers' Pension Agency 2022/23 End of Year Certification (Pages 25 - 34)
- The Teachers' Pension Contributions paid over to the Teachers' Pension Agency are subject to a specific external audit review, which results in an annual certification. This report details the outcome for the financial year 2022/23.
- 9 Treasury Management Half Year Review Report 2023/24 (Pages 35 - 54)
- To consider a report which provides the Audit Committee with the performance of the Treasury Management function of the Council for the first six months of 2023/24.
- 10 2023/24 Internal Audit and Counter Fraud Progress Report (Pages 55 - 66)
- To consider a report which provides the Audit Committee with a high-level progress report on the work of the Internal Audit and Counter Fraud team for Q2 of the 2023/24 financial year.
- 11 Update on the Annual Governance Statement for 2022/23 and New Issues (Pages 67 - 88)
- To consider a report which updates the Audit Committee on the Annual Governance Statement for 2022/23 and new issues for 2023/24.
- 12 Proposed Audit Committee Work Programme for 2023/24 (Pages 89 - 98)
- To consider and discuss the proposed Audit Committee Work Programme for the remainder of 2023/24.
- 13 Exclusion of Press and Public
- 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 paragraph 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.

- 14 Update on the Corporate Risk Register (Pages 99 - 108)
To consider a report which updates the Audit Committee on the Corporate Risk Register as at the end of September 2023.
- 15 Senior Information Risk Owner Update (Pages 109 - 118)
To consider an update report from the Senior Information Risk Owner (SIRO) on information security breaches, risk issues / actions as an interim (mid year) update before the end of the financial year 2023/24.
- 1
- 2
- (a)
- (b)

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AUDIT COMMITTEE
05/09/2023 at 6.00 pm

Present: Councillor
Councillors Al-Hamdani, S. Bashforth, Birch, Davis, Ghafoor,
Salamat and Sykes

Also in Attendance:

Paul Rogers	Constitutional Services
Anne Ryans	Director of Finance
John Miller	Head of Audit and Counter Fraud
Daniel Watson	Mazars LLP (External Auditors)
Yogita Das-Patel	Mazars LLP (External Auditors)

1 **APPOINTMENT OF VICE-CHAIR**

RESOLVED - That Councillor Birch be appointed Chair of the
Audit Committee for this meeting.

2 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Akhtar
and Woodvine and Grenville Page.

3 **MINUTES OF PREVIOUS MEETING**

Resolved:

That the minutes of the meeting of the Audit Committee held on
20 July 2023 be approved as a correct record.

4 **URGENT BUSINESS**

There were no items of urgent business received.

5 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

Councillor Sykes proposed which was seconded by Councillor
Al-Hamdani that item no.17 on the Agenda, Update on the
Annual Governance Statement for 2022-23 and new issues for
2023-24 be taken in open meeting.

Councillor Bashforth proposed amendment which was seconded
by Councillor Davis that Item No17 is considered with the public
and press excluded.

On being put to the meeting 4 Members voted FOR the
Amendment and 3 Members voted against.

The Substantive Proposition was put to the meeting with 3
Members voting for the proposition with 4 Members voting
against.

The Amendment was Carried



6 **PUBLIC QUESTION TIME**

There were no public questions for this meeting to consider.

7 **THE UPDATE ON EXTERNAL AUDIT MATTERS**

The Committee received and discussed a report from the External Auditor updating the Audit Committee on key matters pertaining to national developments and the 2022/23 audit of Oldham Council. The report was presented by Daniel Watson, Mazars (External Auditor).

Daniel Watson informed the Committee that since the Draft Audit Completion Report had been reported to the Committee on 28 March 2023, they had progressed to outstanding issues as follows –

'2021/22 Financial Statements Audit

- (i) Pensions - we have received revised accounts that have been updated for the restated IAS 19 valuation report and we have recently received updated assurances from the auditors of the Greater Manchester Pension Fund. We are currently working through the last queries on the audit and expect to sign off before the end of September.

There is also likely to be a delay to the audit of the 2022/23 accounts as it relies on the completion of the audit of the GM Pension Fund which is still underway.

A Member suggested that the delay to the approval of the Council's accounts caused by the challenges in completing the audit of the GM Pension Fund should be highlighted to Greater Manchester Pension Fund as unacceptable.

Daniel Watson informed the Committee that the issue is being addressed as a wider issue.

Resolved: that subject to (i) below the Committee notes the update provided by the External Auditor;

- (i) A letter be written to the Greater Manchester Pension Fund highlighting that the delay in completing the Council's Audit for both 2021/22 and 2022/23 is due to pension fund valuation delays and informing them that the delay is unacceptable.

8 **REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2023/24 QUARTER 1 – JUNE 2023**

The Committee received a report submitted by The Director of Finance which provided the Audit Committee with the opportunity to review the first budget monitoring report for the financial year 2023/24. It was therefore able to consider the key information relating to the forecast revenue budget position and the financial position of the Revenue Programme at 30 June 2023

(Quarter 1), together with the revised capital programme covering the period 2023/24 to 2027/28. The report was presented to and approved at the Cabinet meeting of 21 August 2023.

The report presented the current forecast revenue outturn position for 2023/24 at Quarter 1 together with the forecast outturn for the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund. The report also outlined the most up to date capital spending forecasts for 2023/24 to 2027/28 for approved schemes. As the financial monitoring report reflected the financial position at Quarter 1, it could be regarded as an early warning of the potential year-end position if no further action is taken to reduce net expenditure where possible. The management action initiated in 2022/23 across all service areas to review and challenge planned expenditure and to maximise income has had to be continued in 2023/24. Although, the impact of this action has yet to take full effect in the current financial year, it is anticipated that by the year end, the current outturn deficit position should be reduced. This should start to be demonstrated in the update reports which are to be presented to Cabinet, the Governance, Strategy and Resources Scrutiny Board and this Committee at months 6, 8 and 9.

The Director of Finance drew attention to the potential for a £12.1 million overspend unless remedial action is taken to reduce that figure. There are three areas of overspending which are:

- **Community Health and Adult Social Care**
There are variances in learning disability and community care budgets which are forecast to overspend.
- **Children's Services**
Children's Social Care is the primary area of concern with the areas that overspent in 2022/23, continuing to do so in 2023/24. The budget process for this financial year included significant investment into Children's Social Care and the variance is additional to that investment. This adverse variance has been caused by a range of factors. one of which is the number of children requiring social care resulting in expensive placements.
- **Place and Economic Growth**
This area is also projecting an overspend.

In response to a Member's question regarding a timeline for new Council owned children's placement units, the Director of Finance advised that she would provide that information to the Member following the meeting.

The Director of Finance informed the Committee that the underspend figures shown in paragraph 3.6.2 of Appendix 1

report should reflect Total Forecast Net Expenditure variance figure in the table in paragraph 3.6.1.



In response to a query relating to £6.1million to cover the pay award, the Director of Finance informed the Committee that this amount will cover most of the current pay offer. If, however, the award is greater than the current offer additional funding will need to be found from reserves.

Regarding central government funding for Adult and Children's Services, the Director of Finance informed Members that the Government provides a general unringfenced grant (the Social Care Grant) which is expected to be spent on Adult and Children's Social Care. There are also ringfenced grants to support Adult Social Care services. A new grant has just been notified for 2023/24 (the Market Sustainability and Improvement Fund) and this is not yet included in the financial forecasts. This new grant funding stream will also continue in 2024/25.

The Council can also raise a 2% Adult Social Care precept and income generated by the Precept must be used for Adult Social Care.

There is no specific grant stream for Children's Social Care services.

It is expected that the Government will provide additional funding for Adult Social Care winter pressures but the value of such funding will not be known until the early winter months.

With regard to the Environmental Services Directorate there is a projected overspend of £0.451m. The Economy Directorate area is projecting an overspend of £3.102m and the biggest pressures are repairs and maintenance in the corporate estate and costs for the Strategic Housing service, mainly linked to temporary accommodation due to the increase in the number of individuals classed as requiring urgent accommodation.

The Director of Finance informed the Committee that the Dedicated Schools Grant is in a good financial position and is showing a projected surplus. The Housing Revenue Account is also forecast to continue to be in a surplus position overall although there is a planned deficit in year. The Collection Fund is showing an overall projected surplus.

The Director of Finance assured the Committee that management is constantly looking of ways to address the projected overspending in services to reduce the overall corporate variance.

With regard to the current Capital Programme this showed total expenditure and funding of £332.024m over the period 2023/24 to 2027/28 (£103.748m in 2023/24) based on the best current information available. It is expected that the month 6 position will show some movement on that forecast.

Resolved: that the following be noted: The -

- (1) Forecast revenue outturn for 2023/24 at Quarter 1 being a £12.104m adverse variance and action being taken to manage expenditure;
- (2) Forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund; and
- (3) Revised capital programme for 2023/24 and the forecast for the financial years to 2027/28 as at Quarter 1.



9

TREASURY MANAGEMENT QUARTER ONE REPORT 2023/24

The Committee received a summary to explain the key issues within the 2023/24 Treasury Management Quarter One Review. The consideration of a Quarter One report is a new requirement with effect from the financial year 2023/24.

The Committee was informed that from the start of 2023/24, following a competitive tendering process, the Council changed its treasury management advisors from The Link Group, Treasury Solutions to Arlingclose Ltd. The format of the Treasury Management reports has therefore changed in line with the advice received from Arlingclose Ltd.

The Director of Finance set out the following key items for consideration and discussion –

(1) Compliance with Statutory and CIPFA requirements

The 2021 Prudential Code requires Treasury Management to be reported quarterly from the financial year 2023/24. The presentation of the Treasury Management Quarter One Review 2023/24 to Audit Committee (this meeting) was to enable scrutiny prior to the presentation of the report to Cabinet (18 September 2023), full Council (1 November 2023) and ensures that the Council complies with its statutory requirements.

(2) The Council's Capital Expenditure and Financing During the first quarter of 2023/24

The level of capital expenditure forms one of the required prudential indicators. The 2023/24 projected outturn, based on actual expenditure to month 3 was £103.748m, a reduction of £6.557m compared to the original budget expenditure of £110.305m. Projects and their associated financing packages will be reprofiled into 2024/25 and future years.

Capital Grants (£39.962m), capital receipts (£8.295m), Revenue and other resources (£1.063m) and prudential borrowing (£54.428m) were the sources of capital financing of the revised position.

(3) The Councils Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. Part of the Council's treasury activity is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements.

At the end of 2022/23, the CFR was £465.723m, and was forecast for the year 2023/24 to be £503.278m. The estimated quarter one CFR, based on the projected expenditure referred to above is £493.124m. The decrease is as a result of the reduction in actual capital expenditure in 2022/23 and the projected position in 2023/24.

(4) Treasury Position at 30th June 2023

At the end of June 2023, the Treasury position was such that the net borrowing position was £80.516m. This was made up of:

- a) Total external borrowing £160.996m
- b) Investments £80.480m

Comparing this to the estimated borrowing CFR (CFR less PFI) of £299.337m means that the Council is estimating to be under-borrowed by £113.341m, compared to actual 2022/23 under borrowed position of £100.338m, as illustrated in the table below:

	2022/23 31 March Actual £'000	2023/24 30 June Actual £'000
Total Borrowing	160,996	160,996
Investments	(70,780)	(80,480)
Net Borrowing	90,216	80,516
Borrowing CFR (year-end position)	261,384	299,337
Under Borrowed Position	100,388	113,341

5) Borrowing Position

No borrowing or debt rescheduling has been undertaken to date in the current financial year. It is anticipated that if the capital programme expenditure continues as projected then £25m of new borrowing will be required and this. The value of new

borrowing is well within the approved £54.428m of prudential borrowing in the programme. Furthermore, it is confirmed that the Council operated within the prudential indicators as set out in the annual treasury management strategy for the first quarter of the 2023/24 financial year

6) Investment Portfolio

The key investment portfolio issues to note are as follows:

- a) The Council held £80.480m of investments at 30 June 2023, including property funds (£15m), an increase of £9.700m compared to £70.780m held at 31 March 2023. With the exception of the property fund all the investments held are scheduled to mature within 12 months.
- b) The Treasury Team measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates. The investment returns are measured against the Sterling Overnight Index Average (SONIA). The average rate of interest earned in the first quarter exceeded the budgeted position and average SONIA rate, however the average rate earned is slightly less than the benchmark SONIA which expected to gain 5% on top of the average SONIA rate. This is due to the fast-moving interest rate environment and SONIA moves quicker than any fixed investments that have been placed. These can be seen in the table below.

	Budgeted Performance Rates / Benchmark SONIA Return %	Benchmark SONIA Return % Plus 5%	Actual Return %
Budgeted Investment Rates	4.400%		4.504%
Overnight SONIA	4.379%	4.598%	4.504%

(7) Authorised Limit and Operational Boundary

The authorised limit is the “affordable borrowing limit” required by Section 3 of the Local Government Act 2003 and represents a control on the maximum level of borrowing. The operational boundary is the expected borrowing position of the Council during the year and reflects the maximum anticipated level of external debt.

There has been no change to these limits to those that were set in the 2023/24 Strategy presented to Council on 1 March. The limits are in the table below:

Prudential Indicator 2023/24	Original £'000	Recommended £'000
Authorised Limit	533,500	533,500
Operational Boundary	508,500	508,500



(8) Liability Benchmark

This is another new indicator which compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making.

The liability benchmark calculation expects the Council to be a long-term borrower to finance the expected capital spend. There could be timing differences between when the Council externally borrows compared to when the expenditure is required due to the nature of capital works, but new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.

(9) Other Issues

The Council has a number of Lender Option Borrower Option (LOBO) loans that have a call date during the summer months. The lender has the option to increase the interest rate when each loan reaches its call date. As the Council is now operating in a rising interest rate environment, there may be opportunities to repay the Council's historical LOBO borrowing. The Council will investigate all opportunities and will ensure any repayments create revenue savings. LOBO loans are held by banks and are not Government loans.

The treasury team will monitor this situation and report back to the Audit Committee at a future date on any loans that have been repaid.

The Committee was informed that as Members of the Audit Committee are aware, there are considerable risks to the security of the Authority's resources if appropriate treasury management strategies and policies are not adopted and followed. The Council has established good practice in relation to treasury management which have previously been acknowledged in both Internal and the External Auditors' Reports presented to the Audit Committee.

The Treasury Management activities followed the pattern of the established experience and good practice further evidenced with a rating of 'good' (the highest possible rating) in the recently issued Fundamental Financial Systems audit undertaken by the Internal Audit Team on the Treasury Management function.

Resolved: that the Audit Committee commends the report to Cabinet.

10

COMPLIANCE WITH THE CIPFA CODE OF FINANCIAL MANAGEMENT

The Committee considered and discussed a report submitted by the Director of Finance which presented information highlighting the Council's compliance with the Financial Management Code issued by the Chartered Institute of Public Finance and Accountancy.

In response to the financial challenges being faced by a number of Local Authorities, towards the end of 2019 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued the CIPFA Financial Management Code (FM Code) which is designed to support good practice in financial management and to assist Councils in demonstrating financial sustainability. However, it was not until mid-2020 that the Guidance Notes to support this document were issued which provided a more comprehensive description of the requirements and how these could be demonstrated. Due to the timing of the issue of the documentation, the financial year 2020/21 was deemed a shadow year to allow time for Authorities to demonstrate how they were working towards full implementation of the Code. The first full year of compliance with the FM Code was therefore 2021/22 and, in this regard, Members of the Audit Committee received a report outlining the Council's compliance with the FM Code at the meeting of 17 January 2022.

The FM Code applies a principles-based approach. It does not prescribe the financial management arrangements that Local Authorities should adopt. Instead, it requires that a Local Authority ensures, and is able to demonstrate, that it satisfies the principles of good financial management for an authority of its size, responsibilities and circumstances.

The Code has six underlying principles designed to focus on robust financial management as a way of achieving both short-term financial resilience and long-term financial sustainability.

CIPFA issued a further publication in May 2022, The Implementation of the Financial Management Code – Approaches and Lessons Learned. This draws on the experience of Authorities in working towards compliance with the FM Code and has been used to inform the Council's approach to applying its working practices to comply with the requirements of the FM Code.

Since the reporting in January 2022 of the original work to demonstrate compliance, the Finance Team has continued to review the Code and the Council's compliance (including having regard to the information contained in the May 2022 publication). The commentary on compliance with the FM Code included within the report presented to the Committee uses the report of January 2022 as a starting point.

As outlined in the report, the up-to-date detailed position statement (at Appendix 1) shows the Council continues to be well placed with generally good Code compliance. The report sets out the requirements of the seven sections of the Code and its seventeen standards, and highlights where there is compliance and where some revisions and/or changes to practice are required in order to address the Code in full.

From a financial management perspective, there are three key issues about which Members may wish to have regard:

- a) the Draft Audit Completion Report for the 2021/22 Statement of Accounts issued on 23 March 2023 upon which the Audit Committee has been fully updated. This gives Members of the Committee assurance about the high standard of accounting practice and a commentary on the approach to Value for Money (VFM) work. It advised that in relation to the three VFM criteria examined, financial sustainability, governance and improving economy, efficiency and effectiveness, that no risk of significant weaknesses in arrangements had been identified and that there were no actual weaknesses in arrangements identified;
- b) The Audit Completion Reports and VFM commentaries on the accounts for previous financial years which are equally as good; and
- c) Where areas of development were identified in the last review of compliance with the FM Code, some progress has been made to demonstrate improvement. Also, where issues have been identified in the update report presented to the Committee, plans are in place and work is already being taken forward to address them, where deemed appropriate.

The Director of Finance informed Members that in summary, as is evidenced by Appendix 1 and the above commentary, FM Code compliance is generally good and there are no areas of significant concern. All key elements have full compliance and there is some latitude as to the adoption of the requirements based on local experience and practice.

In response to a question as to how the Council would know that it is not compliant in certain areas, the Director of Finance informed the Committee that the report sets out all the requirements of the Code and highlights the areas where the Council is compliant with the Code at this particular point in time. This therefore aims to be transparent in terms of the evidence to support the compliance. In this regard information is given to Members, both at this Committee, other Scrutiny Committees, Cabinet and Council which present key financial information and this is highlighted as evidence of compliance. There is also some element of professional judgement. The compliance is considered to be generally good and there are no key areas of significant concern. All key elements have full compliance, although the report does indicate the financial challenges that the Council is facing.

Resolved: that

(i) the Committee notes the level of compliance with the CIPFA Financial Management Code and the issues that require further development; and

(ii) the Committee receives a presentation of a further update on compliance with the Financial Management Code before 31 March 2025.

11

OLDHAM COUNCIL LOANS POLICY AND AMENDMENT TO THE TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

The Committee received a report submitted by the Director of Finance regarding a proposed Loans Policy for Oldham Council.

It is also considered appropriate to amend the current Audit Committee Terms of Reference as discussed at the last Committee meeting on 20 July 2023 to replace reference to the Standards Committee with Scrutiny Boards. These issues align to the Audit Committee's Terms of Reference which state that:

4.4.2 The Audit Committee shall undertake the following activities in respect of corporate governance:

c) assess the effectiveness of the authority's corporate governance arrangements

The Council has had an internal procedure setting out the process to be followed in relation to the provision of financial support to organisations who share the Council's Co-operative values. It is considered appropriate to refresh this procedure as the Council's Loan Policy.

Attached at Appendix 1 was the recommended Loans Policy for review by the Committee and subject to agreement be presented to Council for formal approval. This refresh is timely given events at other Authorities whereby the granting of loans which have subsequently not been repaid, has had an impact on their financial resilience. Subject to comments, this Policy will be considered at a future meeting of Council.

At the last meeting of this Committee, Members considered a report on how the Committee had discharged its duties in 2022/23 in accordance with its Terms of Reference as set out in the Constitution. During the scrutiny process, it was suggested that within the Terms of Reference, the wording at 4.4.2(d)(iv) be amended so the Audit Committee liaises with the Scrutiny Boards rather than the Standards Committee. Attached at Appendix 2 to the report was the revised Terms of Reference which are tracked for Members information.

Resolved: that the Committee

(i) commends to Council the proposed Loans Policy for Oldham Council; and

(ii) endorses the proposed change in the Terms of Reference of the Audit Committee as set out below to Council –

4.4.2(d)(iv)

Liaise, as necessary, with the Scrutiny Boards on any matter(s) relating to the effective operation of the Council.



12

ANNUAL REPORT OF THE AUDIT COMMITTEE TO COUNCIL

The Committee considered a report submitted by the Director of Finance regarding the Annual Report of the Audit Committee to Council.

In accordance with good practice the Audit Committee should submit an annual report to full Council. The attached Appendix 1 to the report detailed the annual report which it is proposed, subject to comment from this Committee, to present to a future meeting (currently planned for 1 November 2023) of full Council.

The Council's Audit Committee is a key component of this Authority's governance framework. Its function is to provide an independent review and assurance role to support good governance and sound public financial management. The report for consideration by the Committee was prepared to enable full Council to review and understand the work undertaken by the Committee in the financial year 2022/23 and for Council to note the views of the Committees on internal control.

Resolved: that the Committee commends the submission of the Annual Report of the Audit Committee to a future meeting of the Council subject to the following –

- (i) The 2022/23 and 2023/24 Work Programmes be attached to the Annual Report to emphasise the work carried out by the Audit Committee and work in progress;
- (ii) The Chair of this meeting and the Chair of Audit Committee be authorised to review the Annual Report prior to submission to Council; and
- (iii) Members attendance at Audit Committee in 2022/23 be included as an appendix to the Annual Report.

13

UPDATE ON GENERAL MATTERS

Consideration was given to a report submitted by the Director of Finance which gave an update on General Matters. The following matters were brought to the Committees attention –

The report set out five key matters which have the potential to impact on the future work of the Committee in undertaking its governance role within the Council. These were covered in detail at Section 2 of the report.

a) An update on financial issues at other Local Authorities including Thurrock, Woking, Liverpool and Northumberland Councils, and several individual Councils who have highlighted the risk of issuing notices under Section 114(3) of the Local Government Finance Act 1988 (Section 114 Notices) following the latest reports in the public domain indicating their finances are under severe pressure following the initial reporting of their projected outturn for 2023/24.

b) An update on the work currently being undertaken by the Department of Levelling Up, Housing and Communities Select Committee with regard to a review of Financial Reporting and audit in Local Authorities.

c) The report submitted to the Place and Economic Scrutiny Board on the Assurance Process for Grant Funded programmes, specifically the Future High Streets Fund, the Town Deals Fund and the Levelling Up Fund. The report also presented a proposed way forward for improving liaison between the Scrutiny Function and the Audit Committee with regard to ensuring the appropriate oversight of these capital grant programmes.

d) A suggestion that the Audit Committee set aside a specific date outside of its normal meeting cycle and undertake a Self-Assessment against the checklist of good practice as detailed in the Chartered Institute of Public Finance publication produced on the effective operation of Audit Committees in Local Government.

e) An update on the issuing by the Councils External Auditor (on 7 August 2023) of the 2020/21 Audit Certificate for the Oldham Statement of Accounts following the publication of the Whole of Government Accounts for 2020/21 on 27 July 2023. No further External Audit work was required on these accounts. The report also provided an update on the progress of the audit of the 2021/22 and 2022/23 accounts (although this had been covered by the presentation by the External Auditor as item 7 on the agenda (Update on External Audit Matters).

There was a more detailed consideration of the report that had already been presented to the Place and Economic Scrutiny Board on 31 August 2023 on the Assurance Process for Grant Funded programmes.

It was proposed that a meeting is arranged so that the Chair of the Governance, Strategy and Resources Scrutiny Board and the Chair of the Audit Committee can agree the approach to scrutinising the Councils arrangements for managing and reporting on the Future High Streets Fund, the Town Deals Fund and the Levelling Up Fund. The aim of the meeting is to

ensure that the work of both the Committee and the Board are aligned but avoid duplication so that all the necessary issues have been addressed in order to satisfy any requirements should there be a review undertaken by the Department of Levelling Up, Housing and Communities.

Resolved: that

(i) With regard to the report on the Assurance Process for Grant Funded Programmes, a meeting is arranged so that the Chair of the Governance, Strategy and Resources Scrutiny Board and the Chair of the Audit Committee can agree the approach to scrutinising the Councils arrangements for managing and reporting on the Future High Streets Fund. The Town Deals Fund and the Levelling Up Fund.

(ii) the Audit Committee meeting scheduled to meet on 6 March 2024 be replaced by the self-assessment workshop meeting and the Audit Committee meeting be rescheduled to meet at 6pm on 26 March 2024.

14

FUTURE OVERSIGHT OF COUNCIL COMPANIES AND PARTNERSHIPS

Consideration was given to a report submitted by the Director of Finance which set out a proposed process for the Audit Committee to review key Council Companies and partnerships for the remainder of the financial year 2023/24 and future financial years.

The previous methodology adopted by the Audit Committee to review the risks associated with partnership working was by the consideration on a regular basis of the Partnership Dashboard Report developed by the Finance Service. When this was presented to the Audit Committee meeting on 8 June 2023, the Committee requested that a review of the format of the report be undertaken.

Prior to the commencement of this Finance Service review, Local Partnerships (an organisation jointly owned by the Local Government Association, HM Treasury and the Welsh Government) produced a refreshed publication "Local Authority Company Review Guidance". This is a toolkit for undertaking strategic and governance reviews of wholly or partly owned Council commercial entities. At Section 9 of this publication is what could be described as a Self-Assessment Checklist which identifies a comprehensive list of pertinent questions for the Council to consider. This can be utilised to review Council partnership working arrangements as well as companies.

In order to improve the oversight of Council partnerships by this Committee and the potential risks of such to the Council, it was proposed that the Finance Service undertake a review of each of the partnerships in which the Council has a financial interest and report the findings back to the January meeting. Upon the receipt of this report the Committee can assess how the matter

is discussed with the Scrutiny Board Chair to ensure the future oversight of partnerships by the Council is as robust as possible.



Oldham
Council

Resolved: that

(i) the Committee endorses the approach to reviewing Council companies and partnership arrangements detailed in this report and the findings of the exercise to be undertaken by the Finance Service be presented to the Audit Committee meeting in January 2024; and

(ii) the work referred to in (i) above be included in the Audit Committee work programme.

15 **PROPOSED AUDIT COMMITTEE WORK PROGRAMME FOR 2023/24**

The Committee considered the Audit Committee Work Programme for 2023/24.

Resolved: that subject to the Self Assessment Workshop meeting referred to in Minute 13 above, the 2023/24 Work Programme be noted.

16 **EXCLUSION OF 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 two items of business on the grounds that they contain exempt information, as defined under paragraph 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.

17 **UPDATE ON THE ANNUAL GOVERNANCE STATEMENT FOR 2022/23 AND NEW ISSUES FOR 2023/24**

Consideration was given to a report submitted by the Director of Finance which updated Members of the Audit Committee on the Annual Governance Statement for 2022/23 and new issues by:

a) Outlining the progress made to reduce the risk of issues arising for the Council to address, where matters were identified as areas requiring improvement in internal control within the draft Annual Governance Statement (AGS) for 2022/23.

b) Highlighting any new issues which would be considered if the Annual Governance Statement was to be produced as at 25 August 2023. This aligns to the Audit Committee's Terms of Reference which state that:

4.4.2 The Audit Committee shall, having regard to the CIPFA 'audit committee' guidance. c) undertake the following activities in respect of corporate governance (iii) review the Annual Governance Statement and the progress made by the Council to address issues identified as risks when the financial statements are prepared;

This report is the second of the regular reports that will be presented throughout the municipal year 2023/24 which provide an update on the issues identified within the 2022/23 Draft AGS and any other issues which will impact on a future iteration of the AGS.



Appendix 1 detailed the issues reported in the 2022/23 Annual Governance Statement and the actions taken so far during the 2023/24 financial year to mitigate these risks. It also gives an opinion on the present risk in relation to issues identified in the Annual Governance Statement based upon a Red/ Amber/ Green (RAG) rating.

Appendix 2 detailed those new issues that may be considered for inclusion in the draft 2023/24 Annual Governance Statement should it have been produced as of 25 August 2023. It also gives an opinion on the present risk in relation to issues identified in the Annual Governance Statement based upon a Red/ Amber/ Green (RAG) rating. The report also informs the assessment of compliance with the Financial Management Code reported elsewhere on this Agenda whereby appropriate oversight of the Annual Governance Statement by the Audit Committee is considered good practice.

Resolved: that the Committee endorses the progress made on the issues identified in the 2022/23 Annual Governance Statement and the potential new issues which could be included in a future production of the Statement.

The meeting started at 6pm and ended at 8.20pm.



Report to Audit Committee

Update on General Matters

Portfolio Holder: Cllr Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

Officer Contact: Anne Ryans - Director of Finance

Report Author: Anne Ryans – Director of Finance

Email: anne.ryans@oldham.gov.uk

31 October 2023

Reason for Decision

It is considered appropriate to bring to Member's attention an update on issues which have previously been reported to the Audit Committee, including financial challenges being experienced at other Local Authorities and the current position in relation to the audit of the Councils accounts for 2021/22 and 2022/23.

Executive Summary

This report sets out six key matters which have the potential to impact on the future work of this Committee in undertaking its governance role within the Council. These are covered in detail at Section 2 of the report.

Recommendation

That Members:

- i) Note the receipt from the External Auditor of a letter advising of a delay to the audit of the 2022/23 Statement of Accounts.
- ii) Consider and comment on the other matters detailed in this report.

Update on General Matters**1 Background**

- 1.1 Members will recall that at previous Audit Committee meetings there have been reports which have advised on a number of financial issues impacting on the whole Local Government sector and specific matters relating to Oldham Council. This report provides some follow up information in relation to issues previously raised.

2 Key Matters for the Committee to consider**The Financial Position being Reported by Other Local Authorities**

- 2.1 Past meetings of the Committee have received information about the matters which have resulted in the S151 Officers of several Local Authorities issuing a Notice under the powers of S114(3) of the Local Government Finance Act 1988 (a Section 114 Notice) that the expenditure of the Authority would exceed the resources available to finance it. These Authorities include the London Borough of Croydon, Slough Borough Council, Woking Borough Council and Thurrock Council.
- 2.2 Each of these Councils is still facing a substantial challenge to stabilise its financial position and it will take many years to address the consequences of the issuing of the 114 Notices.
- 2.3 Nottingham City Council and Northumberland County Council have also been subject to the issuing of S114 Notices, but these were issued under the powers of S114(2) of the Local Government Finance Act 1988 which applies when someone acting on the Councils behalf (other than the Cabinet) has or is about to incur unlawful expenditure. There have also been significant financial implications for Nottingham City Council arising from its S114 Notice.
- 2.4 On the day of the last Audit Committee (5 September 2023), the S151 Officer of Birmingham City Council issued a S114 Notice under the powers of S114(3) of the Local Government Finance Act 1988. This action was required given the well-publicised financial challenges that the Council was facing. The issuing of the S114 Notice was part of the plan to meet the Council's financial liabilities relating to Equal Pay claims and an in-year financial gap within its budget which at the time stood in the region of £87m. The Council must fund the Equal Pay liability that has accrued (in the region of £650m to £760m). The Council has insufficient resources to do so.
- 2.5 Commissioners have now been appointed to run the Council and to determine a strategy to manage the financial position. Given the size of the Authority and the extent of the financial challenge, the Authority has announced it is looking to agree its approach to Equal Pay with Trades Unions and move to reduce its staffing complement as well as consider the future provision of services. The extent of the challenge that Birmingham is facing has brought even more focus to the financial position of the whole Local Government sector.
- 2.6 Some recent announcements via the media have also highlighted financial challenges in a number of Local Authorities some examples of which are as follows:

a) Hastings Borough Council

Hastings Borough Council has again reported in the public domain that it is at risk of issuing a Section 114 Notice due to the financial pressures arising from providing temporary accommodation. The Council has announced that about one quarter of all its expenditure is now on temporary accommodation.

b) Stoke City Council

A recent financial monitoring report for the quarter one period of 2023/24 has advised Members of Stoke City Council of overspending of a net £8.5m with pressures in Children's Services and Adult Social Care (£9.1m and £5.2m) offset by cuts and underspends in other departments. It also advised that if the ongoing pressures from personalised services cannot be addressed, the City Council will be at significant risk of not being able to set a balanced budget for 2024/25 which, if this were to happen, would require the issuing of a S114 Notice.

c) Coventry City Council

It has been reported in the Local Government press that rising care demand without additional Government funding could put Coventry City Council at risk of a Section 114 notice next year although the financial position is such that this is not an immediate threat. There is a forecast £12.1m net overspend in 2023/24 and in order to address this, the Council has already ceased all non-essential spending, implemented recruitment controls and improved monitoring on services. It will also review services in the hope of delivering long-term savings.

d) London Borough of Havering

Havering Council has forecast a £23.1m budget gap this year, mainly due to overspends in Children's Social Care (£9.0m) and Adult Social Care (£7.8m) services. A report to a recent Cabinet meeting advised that the Council has forecast a £31.2m budget gap next year, rising to £77.1m by 2027/28 and that the Authority only has £8.2m in its general reserves, and another £39.7m in earmarked reserves (as of the end of 2022/23). The Council is working to avoid a Section 114 Notice but advises that this may only be between 6 to 12 months away, even if the Council can set a balanced budget. The Council has been in discussion with the Department for Levelling Up, Housing and Communities on options, including a capitalisation direction, which would allow the use of capital receipts to finance revenue spending.

An Update on Financial Reporting and Audit in Local Authorities

2.7 Members have previously been advised of evidence gathering sessions by the DLUHC Select Committee as part of its ongoing review into Financial Reporting and Audit in Local Authorities. Since the last report to the Audit Committee, there have been no more evidence gathering sessions and the report of the findings of the Select Committee can be expected in the next Parliamentary session. Several recommendations are likely when the report is produced and the implications for Oldham will be reported to this Committee.

2.8 It is important to note that Public Sector Audit Appointments (PSAA) has advised that only 5 of 467 Local Government Bodies had audit opinions on their 2022/23 accounts published by the 30 September deadline. PSAA has also found that the incomplete

opinions from 2022/23 has more than doubled the number of outstanding accounts to 918.

- 2.9 There have been no further developments in confirming the approach to addressing the audit backlog, although the Government has been working with bodies such as the Chartered Institute of Public Finance and Accountancy (CIPFA) and the National Audit Office to develop a solution. It is essential that work progresses enabling details of the planned solution to be announced and implemented as soon as possible.

Self-Assessment by the Audit Committee against Best Practice

- 2.10 As agreed at the last meeting of the Committee, a date for the workshop to undertake an assessment of the Audit Committee against the self-assessment checklist produced by CIPFA has been set. This workshop will take place on 6 March 2023.

Update on the Progress of the Audit of the Council's 2021/22 Accounts

- 2.11 Members will recall that the delay to the audit of the Council's 2021/22 accounts has been reported at previous meetings of the Committee and the challenges in relation to the valuation of infrastructure assets and the valuation of the Greater Manchester Pension Fund (GMPF) have been discussed. Since the last meeting of the Committee, the GMPF issue has now been resolved, and the Statement of Accounts has been adjusted to reflect the impact of changes to both these technical valuations. It has also been amended to reflect any revisions to the document caused by the passage of time since 30 May 2022 when the Statement of Accounts was initially prepared. However, a most recent development is the emergence of reinforced autoclaved aerated concrete (RAAC) and the External Auditor has requested information about the state of the corporate and schools property estate and any financial liabilities. Work has been undertaken over recent weeks to provide the necessary information.
- 2.12 Given that at the meeting of the Committee on 28 March 2023, the External Auditor presented a draft Audit Completion Report, Members will recall that there is a delegation in place to allow the Chair of the Audit Committee in consultation with the Director of Finance to approve the accounts if the only required changes relate to the technical accounting entries on pensions. It is hoped that the conclusion of the 2021/22 is close.

Update on the Progress of the Audit of the Council's 2022/23 Accounts

- 2.13 The statutory deadline for completion of the audit for the financial year 2022/23 was 30 September 2023. On 29 September, Mazars LLP issued a letter to the Authority advising that the audit would not be completed by the due date. The letter attached at Appendix 1 advises that as a result of the delays in the completion of the 2021/22 audit, the work on the 2022/23 audit has not yet been completed, therefore the Auditor's Annual Report will not be issued by 30 September 2023. It is anticipated that this will be issued no more than three months after the date of the opinion on the financial statements.
- 2.14 It is understood that much of the audit work has been completed but matters outstanding include the technical valuations of pensions and investment properties, the RAAC concrete matter and the Value for Money assessment.

Consultation on the Audit Scale Fee for 2023/24 Audits

- 2.15 The 2023/24 audits are the first in the second five-year appointing period for External Auditors. Public Sector Audit Appointments has recently concluded a consultation of

the scale fees for 2023/24 and will publish the final 2023/24 fee scale and its consultation response by Thursday 30 November 2023. As proposals to address the audit backlog are still under consideration it may have an impact on fee levels. Members will be advised of the fee once notified. The 2023/24 Council budget included additional resources to address the likely fee increase.

3 Options/Alternatives

3.1 Members can either:

- a) accept all the recommendations of this report
- b) accept one but not the other recommendation in this report
- c) suggest an alternative approach to reporting.

4 Preferred Option

4.1 The preferred option is set out at 3.1 (a) that Members accept all the recommendations in the report.

5 Consultation

5.1 There has been consultation within the Finance Directorate in the preparation of this report.

6 Financial Implications

6.1 N/A.

7 Legal Services Comments

7.1 N/A.

8 Cooperative Agenda

8.1 N/A.

9 Human Resources Comments

9.1 N/A.

10 Risk Assessments

10.1 N/A.

11 IT Implications

11.1 N/A.

12 Property Implications

12.1 N/A.

13 Procurement Implications

13.1 N/A.

-
- 14 **Environmental and Health & Safety Implications**
- 14.1 N/A.
- 15 **Community cohesion disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998**
- 15.1 N/A.
- 16 **Oldham Impact Assessment Completed (Including impact on Children and Young People)**
- 16.1 N/A.
- 17 **Key Decision**
- 17.1 N/A.
- 18 **Forward Plan Reference**
- 18.1 N/A.
- 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: Background papers are included at Appendix 1
Officer Name: Anne Ryans
Contact: anne.ryans@oldham.gov.uk
- 20 **Appendices**
- 20.1 Appendix 1 – Letter from Mazars LLP - Audit letter – Delay in issuing the Auditor’s Annual Report

Mr. G. Page
Chair of the Audit Committee
Oldham Metropolitan Borough Council
Civic Centre
West Street
Oldham
OL1 1NL

Direct line: +44 (0) 161 238 9349
Email: Daniel.Watson@mazars.co.uk
Date: 29 September 2023

Dear Mr Page,

Audit letter – Delay in issuing the Auditor's Annual Report

The 2020 Code of Audit Practice requires us to issue our Auditor's Annual Report, which includes our commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources (our VFM commentary) within 3 months of issuing our opinion on the financial statements, and before 30th September.

As a result of the pandemic, the National Audit Office updated its guidance to auditors in April 2021. This allowed auditors to delay the completion of their work on VFM arrangements so that they could focus on the audits of financial statements. The revised guidance requires auditors to complete their work and issue their Auditor's Annual Report no more than three months after the date of the opinion on the financial statements. The latest update to the guidance, issued in January 2023, continues this approach.

Where this is not possible, we are required to write to you setting out the reasons for the delay in an 'audit letter'. For the purposes of compliance with the Code of Audit Practice, this letter constitutes the 'audit letter'.

In line with the National Audit Office guidance, we have not yet issued our Auditor's Annual Report including our VFM commentary. As a result of the delays in the completion of our 2021/22 audit we have not yet concluded our work on the 2022/23 audit, therefore our Auditor's Annual Report will not be issued by 30 September 2023. We anticipate issuing this no more than three months after the date of the opinion on the financial statements.

Yours sincerely,



Daniel Watson

For and on behalf of Mazars LLP

Mazars LLP

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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Report to Audit Committee

Teachers' Pension Agency 2022/23 End of Year Certification

Portfolio Holder: Cllr Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

Officer Contact: Anne Ryans, Director of Finance

Report Author: Anne Ryans, Director of Finance

Ext. 4902

31 October 2023

Reason for Decision

The Teachers' Pension Contributions paid over to the Teachers' Pension Agency are subject to a specific external audit review, which results in an annual certification. This report details the outcome for the financial year 2022/23.

Executive Summary

The audit of the Teachers' Pension Contributions paid over to the Teachers' Pension Agency is undertaken by KPMG LLP. The End of Year Certificate for the 2022/23 review is attached at Appendix 1. As can be seen, there were very few issues highlighted by the audit which is a good and an improvement compared to 2021/22.

The Teachers' Pension Agency has confirmed its agreement to the contributions paid over to them by the Council for the financial year 2022/23.

Recommendation

That Members of the Audit Committee are asked to note the Certification of the Teachers' Pension Return for the financial year 2022/23.



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United Kingdom

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Private & confidential

Teachers' Pensions
Unit 11b
Lingfield Point
Darlington
DL1 1AX

Our ref RJ/RP/BD

Contact Rebecca Dingwall
07909 535920

FAO Anne Ryans
Director of Finance
Oldham Metropolitan Borough Council
Civic Center
West Street
Oldham
OL1 1UT

2 October 2023

Dear Teachers Pensions

Agreed-upon-Procedures Report of KPMG LLP to Teachers' Pensions and Oldham Metropolitan Borough Council in respect of Teachers' Pensions End of Year Certificate for the year ended 31 March 2023

Purpose of this Agreed-upon-Procedures Report and Restriction on Use and Distribution

LA Number: 353 0000

This report has been produced in accordance with the terms of our engagement letter dated 3 July 2023 ("the Engagement Letter") and in accordance with the International Standard on Related Services ("ISRS") 4400 (Revised), *Agreed-Upon Procedures Engagements* as published by the International Auditing and Assurance Standards Board ("IAASB").

In this report, references to the "Responsible Finance Officer" mean the Director of Finance of Oldham Metropolitan Borough Council.

The procedures were performed solely for the purpose of assisting the Responsible Finance Officer of Oldham Metropolitan Borough Council fulfil their responsibilities, under the Teachers' Pensions Regulations 2010 (SI 2010/990) and The Teachers' Pension Scheme Regulations 2014 (SI 2014/512), for preparing the End of Year Certificate ("EOYC") for the year end 31 March 2023 and so may not be suitable for

any other purpose. The EOYC must be accompanied by a reporting accountants' report prepared following the performance of procedures set out in the guidance note "Reporting Accountants Guidance TP05 (FY22/23 Version 1)" issued by Teachers' Pensions ("the guidance"). We attach, a copy of the EOYC prepared and submitted by management. Where appropriate, this copy identifies errors corrected by management. Management is responsible for the preparation and submission of the EOYC and for all corrections.

Our report is prepared solely for the confidential use of Oldham Metropolitan Borough Council and for Teachers' Pensions. Our report must not be used for any purpose other than for which it was prepared or be reproduced or referred to in any other document or made available to any third party without the written permission of KPMG LLP. We accept no liability to any other party who is shown or gains access to this report.

Responsible Finance Officer's Responsibilities

In this report, references to "management" mean the Directors of Oldham Metropolitan Borough Council and those employees to whom the Directors have properly delegated day to day conduct over matters for which the Directors retain ultimate responsibility.

The Responsible Finance Officer of Oldham Metropolitan Borough Council is responsible for the EOYC, including the identification of any errors corrected by management, on which he agreed-upon-procedures are performed.

The Responsible Finance Officer is responsible for determining whether the agreed-upon-procedures are sufficient for Oldham Metropolitan Borough Council's purposes and the purposes of Teachers' Pensions having due regard to Appendix 1 of the Guidance issued by Teachers' Pensions. We cannot, and do not, make any representations regarding the sufficiency of these procedures for Oldham Metropolitan Borough Council's purposes or for the purposes of Teachers' Pensions.

Our Responsibilities

Our engagement was undertaken in accordance with International Standard on Related Services 4400 (Revised), *Agreed-upon Procedures Engagements* issued by the International Auditing and Assurance Standards Board. This agreed-upon procedures engagement involves our performing the procedures determined by Teachers' Pensions and set out in Appendix 1 of the Guidance and acknowledged as appropriate for the purpose of the engagement by Teachers Pensions and by Oldham Metropolitan Borough Council, and reporting the factual findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

We have not subjected the information contained in our report or the appendices (including explanations and representations received from the Responsible Finance Officer and reported to you) to checking or verification procedures except to the extent expressly stated. This agreed-upon procedures engagement does not constitute an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

This report relates only to the matters specified above and does not extend to any financial statements of Oldham Metropolitan Borough Council, taken as a whole.

Professional Ethics and Quality Control

We have complied with the ethical requirements in the ICAEW Code of Ethics issued by the Institute of Chartered Accountants in England and Wales. For the purpose of this engagement, there are no independence requirements with which we are obliged to comply.

The firm applies International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

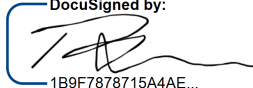
Procedures and Factual Findings

We have performed the procedures and report our factual findings as set out in Appendix I which forms an integral part of this report.

We have noted exceptions and/or errors in the performance of procedures 3, 4 and 7.

The nature and magnitude of the exceptions are described alongside the relevant procedure within Appendix I. We also report management's explanations for any exceptions identified.

Yours faithfully

DocuSigned by:

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Rob Jones
Director

KPMG LLP
Chartered accountants

APPENDIX I - AGREED UPON PROCEDURES AND FINDINGS MATRIX – FORMING AN INTEGRAL PART OF THE REPORT
Agreed-upon-Procedures Report of KPMG LLP to Teachers’ Pensions and Oldham Metropolitan Borough Council in respect of
Teachers’ Pensions End of Year Certificate for the year ended 31 March 2023

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)
1	We have checked that all relevant parts of the return have been completed (in pounds and pence) and that the employer’s certificate bears the signature of the Responsible Finance Officer.	No exceptions noted.	Not applicable.
2	We have checked that all arithmetic on the return is correct including: (a) that the totals in section 3 are arithmetically correct; (b) that the total in section 3 column 1 agrees with the entry in section 1 (box 1); (c) that the total in section 3 column 2 agrees with the entry in box 2a(iv); (d) that the total in section 3 column 3 agrees with the entry in box 2a(v); and (e) that the overall balance in box 2e has been calculated correctly.	No exceptions noted.	Not applicable.
3	We have checked that the breakdown of contributions in each tier casts to the percentage rate of the contributory salary.	We have identified the following variances on recalculation of the 2022/23 EOYC detailed in the	The Council have confirmed that all variances relate to rounding errors.

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)																																
		<p>below table. There is no amendment required to the 2022/23 EOYC.</p> <table border="1" data-bbox="943 480 1335 874"> <thead> <tr> <th>Tier</th> <th>%</th> <th>TC</th> <th>EC</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>7.40</td> <td>-£2.82</td> <td>£2.08</td> </tr> <tr> <td>2</td> <td>8.60</td> <td>-£0.24</td> <td>£3.38</td> </tr> <tr> <td>3</td> <td>9.60</td> <td>-£1.42</td> <td>-£3.76</td> </tr> <tr> <td>4</td> <td>10.20</td> <td>-£1.41</td> <td>£0.67</td> </tr> <tr> <td>5</td> <td>11.30</td> <td>-£0.12</td> <td>-£0.33</td> </tr> <tr> <td>6</td> <td>11.70</td> <td>£0.00</td> <td>-£0.10</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>-£6.01</td> <td>£1.94</td> </tr> </tbody> </table>	Tier	%	TC	EC	1	7.40	-£2.82	£2.08	2	8.60	-£0.24	£3.38	3	9.60	-£1.42	-£3.76	4	10.20	-£1.41	£0.67	5	11.30	-£0.12	-£0.33	6	11.70	£0.00	-£0.10	TOTAL		-£6.01	£1.94	
Tier	%	TC	EC																																
1	7.40	-£2.82	£2.08																																
2	8.60	-£0.24	£3.38																																
3	9.60	-£1.42	-£3.76																																
4	10.20	-£1.41	£0.67																																
5	11.30	-£0.12	-£0.33																																
6	11.70	£0.00	-£0.10																																
TOTAL		-£6.01	£1.94																																
4	We have checked that entries on the return and supporting working papers agree with the employer's payroll records, including amendments, and, where necessary, information from other payroll providers, for the return period.	The recalculation of monthly contributions identified a -£2.01 variance to the 2022/23 EOYC figures for Pensionable Pay.	The Council have confirmed this variance relates to rounding errors.																																
5	We have checked that contributions paid in box 2d provided by TP agree with the employer's accounts.	No exceptions noted.	Not applicable.																																

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)
6	<p>For a sample of 60 teachers paid by the employer payroll and (where available) third party payrolls, we have checked:</p> <ul style="list-style-type: none"> (a) the status of the teacher to the employer portal; (b) that contributory salaries have been agreed to payroll records and included in section 3 column 1 in the correct tier; (c) that teachers' contributions have been deducted at the correct tier rate and included in section 3 column 2 in the correct tier; and (d) that employer's contributions have been calculated correctly and included in section 3 column 3. 	No exceptions noted.	Not applicable.
7	<p>For the sample of teachers selected for test 6 we have checked that:</p> <ul style="list-style-type: none"> (a) Career average flexibilities payments have been deducted correctly and included in box 2a(i); (b) additional pension payments have been deducted correctly and included in box 2a(ii); 	The Teachers Pensions additional contribution letters were unavailable for teachers E236563 and 001131. Therefore the Teachers Pensions member prints were provided as alternative evidence. No amendment is required to the 2022/23 EOYC.	The Teachers Pension letters were unavailable for teachers E236563 and 001131 due to the electronic copy of the letters not being held. The employees Teachers Pensions member prints were provided.

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)
	<p>(c) additional contributions have been deducted correctly and included in box 2a(iii)</p> <p>(d) deductions and interest for teachers with EFE elections are calculated correctly and included in box 2b(i)</p> <p>(e) Preston contributions have been deducted correctly and included in box 2b(ii)</p> <p>(f) TR22 contributions have been deducted correctly and included in box 2b(iii)</p>		
8	N/A	Not applicable.	Not applicable.
9	We have checked [all]/[10] prior year refunds in box 2c(ii) to correspondence from Teachers' Pensions.	Not applicable.	Not applicable.
10	For all management explanations related to the exceptions and errors noted, we have obtained representations from the Responsible Finance Officer.	We can confirm that we have obtained management representations.	Not applicable.

Teachers' Pensions Contributions for Financial Year 2022/23



Please familiarise yourself with the instructions, to complete, upload and print your EOYC.

To create your Declaration form to be signed, first create your .CSV to upload via the button to the right, then that same button becomes Print File. Click it and ensure you click to print entire workbook.

Unaudited EOYC forms should be uploaded to the employers portal no later than 31 May 2023

Employer Information

Local Authority/Establishment Name:

Oldham Council

Local Authority/Establishment Number:

LA Number

Establishment Number

353

0000

(For Local Authorities, please enter the establishment number as '0000')

Employer Type

Please select your Employer Type from the dropdown list below, before completing the remainder of this form.

Employer Type:

Local Authority

Section 1: Total Actual Contributory Salary

Total Contributory Salary:

£47,831,265.49

Section 2: Summary of Contributions

	i. Career Average Flexibilities (Note 3)	ii. Additional Pension Payments (Note 3)	iii. Additional Contributions (Note 3)	iv. Teachers' Contributions	v. Employer's Contributions	Total Contributions
a. Contributions deducted (as per contributory salary at 1 - see Note 4)	£1,254.36	£1,137.86	£0.00	£4,519,025.80	£11,326,441.73	£15,847,859.75
			i. Arrears deducted in respect of EFE Elections (Note 5)	ii. Contributions deducted in respect of PRESTON (Note 6)	iii. TR22 Election amounts deducted (Note 7)	Total Extra Contributions
		b. Extra contributions deducted	£0.00	£0.00	£0.00	£0.00
				i. Short Term Pension	ii. Refunds made (in respect of previous years only)	Total Refunds made
		c. Refunds Made		£0.00	£0.00	£0.00
				d. Contributions Paid (Note 8)		£15,848,262.27
				e. Overall Balance (2a + 2b) - (2c + 2d)		£402.52

NB: Underpayments identified at Overall Balance must be paid immediately to Teachers' Pensions - see Notes 9 and 11.

Section 3: Analysis of Contributions by Tier

Tier (Percentage Rate)	Contributory Salary	Teachers' Contributions	Employer's Contributions (23.68%)
Tier 1 (7.40%)	£5,937,374.79	£439,368.55	£1,405,968.27
Tier 2 (8.60%)	£11,857,850.69	£1,019,775.40	£2,807,935.66
Tier 3 (9.60%)	£12,501,008.02	£1,200,098.19	£2,960,242.46
Tier 4 (10.20%)	£11,451,789.10	£1,168,083.90	£2,711,782.99
Tier 5 (11.30%)	£5,009,944.00	£566,123.79	£1,186,355.07
Tier 6 (11.70%)	£1,073,298.89	£125,575.97	£254,157.28
TOTALS	£47,831,265.49	£4,519,025.80	£11,326,441.73

NB: Totals from Section 3 should be identical to the figures in Sections 1 and 2

Teachers' Pensions Contributions for Financial Year 2022/23

Section 4: Certificate to be given by the Chief Finance Officer of the Local Authority

I hereby certify that, to the best of my knowledge and belief, the entries on this form are correct and that, in accordance with the regulations underpinning the Teachers' Pension Scheme:

- Employee contributions have been correctly calculated, deducted from pensionable salary and remitted to Teachers' Pensions in respect of all employees who are members of the scheme;
- Employer contributions have been correctly calculated and remitted to Teachers' Pensions based on pensionable salaries and applicable contributions rates
- I am satisfied that the authority has adequate systems in place and has obtained supporting evidence which confirms that those entries in respect of teachers in schools maintained by the Local Authority whose salary payments are administered other than directly through the LA payroll, are correctly calculated and paid to Teachers' Pensions.

Name (in capital letters)

ANNE RYANS

Position

DIRECTOR OF FINANCE

Email Address

anne.ryans@oldham.gov.uk

Telephone Number

0161 770 4902.

Signature

A.T. Ryans

Date

31/05/2023

Section 5: Certificate of the auditor

I/We have examined the entries in this form (which replaces or amends the original submitted to me/us by the authority dated _____) and the related accounts and records of the authority in accordance with the agreed upon tests in Certification Instruction TP05.

My/our assessment carried out the agreed upon tests in Certification Instruction TP05 and obtained such evidence and explanations as I/we consider necessary. (Except for the matters raised in the attached report dated _____).

Name (in capital letters)

Date

30/12/2022

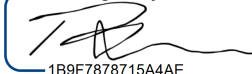
Signature

Data Protection Act 1998. The Department for Education (DfE) will use any information you provide in connection with the Teachers' Pension Scheme to administer and operate the scheme and pay benefits under it. This may include passing details to third parties that are involved in the administration and operation of the scheme. The DfE may also use your data for administrative purposes in line with its data protection notification. In order to fulfil its duty to protect public money, the DfE may use information it holds to prevent and detect fraud. It may also share information with other organisations that handle public funds. **If there is any difference between the legislation governing the Teachers' Pension Scheme and the information in this application form, the legislation will apply**

Please return to us at:

Teachers' Pensions, 11b Lingfield Point, Darlington, DL1 1AX
www.teacherspensions.co.uk

DocuSigned by:


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Rob Jones

Director

KPMG LLP

02 October 2023



Report to Audit Committee

Treasury Management Half Year Review Report 2023/24

Portfolio Holder: Cllr Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

Officer Contact: Anne Ryans, Director of Finance

Report Author: Talei Whitmore, Senior Accountant (Capital & Treasury)

31 October 2023

Reason for Decision

This report advises the Audit Committee of the performance of the Treasury Management function of the Council for the first six months of 2023/24 and provides a comparison of performance against the 2023/24 Treasury Management Strategy and Prudential Indicators.

Executive Summary

The Council is required to consider the performance of the Treasury Management function in order to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators. This report therefore sets out the key Treasury Management issues for Members' information and review and outlines:

- An economic update for the first half of the year of 2023/24;
- A review and updates of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for the first six months;
- Treasury Management Prudential Indicators;

The report is presented to the Audit Committee to enable it to have the opportunity to review and scrutinise the Treasury Management Half Year Review report prior to its presentation to Cabinet and Council.

Recommendation

That the Audit Committee:

- a) considers and comments upon the Treasury Management Half Year Review report
- b) accepts the proposed revisions to the Operational Boundary and Authorised Limit as presented at paragraph 2.6.9
- c) commends the report to Cabinet

1 Background

- 1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested with low-risk counterparties, providing adequate liquidity initially before considering optimising investment returns.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 As a consequence, treasury management is defined as:
- “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2 Current Position

2.1 Requirements of the Treasury Management Code of Practice

- 2.1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (Revised 2021) (the CIPFA Code) which requires the Authority to produce a quarterly treasury management update report; a requirement in the 2021 Code which is mandatory from 1 April 2023.
- 2.1.2 The Treasury Management Quarter 1 Update Report was presented to the Audit Committee for scrutiny on 5 September 2023. This report provides the Treasury Management position at the end of September 2023
- 2.1.3 The Council's Treasury Management Strategy for 2023/24 was approved at a meeting on 1 March 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's Treasury Management Strategy.
- 2.1.4 This Half Year Review report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:
- An economic update for the second quarter of 2023/24;
 - A review and updates of the Council's current treasury management position;
 - Council Borrowing;
 - Treasury Investment Activity;
 - Treasury Performance for the first six months;
 - Treasury Management Prudential Indicators;
- 2.1.5 The Treasury and Prudential Indicators are incorporated at Appendix 1 to this report.

2.2 External Environment Half Year Review 2023/24

Economic Background

- 2.2.1 UK inflation remained stubbornly high over much the period compared to the US and Euro Zone, keeping expectations elevated of how much further the Bank of England (BoE) would increase rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.
- 2.2.2 Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly Gross Domestic Product (GDP) data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.
- 2.2.3 July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.
- 2.2.4 Inflation continued to fall from its peak as annual headline Consumer Prices Index (CPI) inflation declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.
- 2.2.5 The Bank of England's Monetary Policy Committee (MPC) continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further increase in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.
- 2.2.6 Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.
- 2.2.7 Following the September MPC meeting, Arlingclose, the Authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.
- 2.2.8 The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the widely recognised GfK measure of consumer confidence hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to Standard and Poors (S&P) /Chartered Institute of Purchase and Supply (CIPS) survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.
- 2.2.9 The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.

- 2.2.10 Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.
- 2.2.11 The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.
- 2.2.12 Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline Consumer Prices Index (CPI) fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.

Financial Markets

- 2.2.13 Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.
- 2.2.14 Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Index Average Rate (SONIA) averaged 4.73% over the period.

Credit Review

- 2.2.15 Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank, purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.
- 2.2.16 During the second quarter of the year, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.
- 2.2.17 Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.
- 2.2.18 Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on lending to Warrington Borough Council to a maximum of 100 days.
- 2.2.19 Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.
- 2.2.20 Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

2.3 The Oldham Council Treasury Position

- 2.3.1 On 31 March 2023, the Authority had net borrowing of £90.216m arising from its revenue and capital income and expenditure. This had fallen to £80.516m at the end of Quarter 1 but, as presented at Table 2, had risen to £87.401m at the half year.
- 2.3.2 The actual and planned level of capital expenditure are the drivers of borrowing for capital purposes. Appendix 1 shows the actual level of capital expenditure at the end of 2022/23 and includes the half year forecast for 2023/24, 2024/25 and 2025/26. It also shows the financing sources including the level of prudential borrowing.
- 2.3.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below and show the half year forecast compared to the Quarter 1 forecast and the closing position for 2022/23..

Table 1 – Balance Sheet Summary

	31 March 2023 Actual £'000	31 March 2024 Quarter 1 Forecast £'000	31 March 2024 Half Year Review Forecast £'000
General Fund CFR	465,723	493,124	487,634
HRA CFR	-	-	-
Total CFR	465,723	493,124	487,634
Less: Other debt liabilities PFI	204,339	193,787	193,787
Borrowing CFR	261,384	299,337	293,847
External borrowing	160,996	185,996	173,496
Internal borrowing	100,388	113,341	120,351
Less: Usable Balance Sheet Resources	154,194	145,453	128,953
Less: Working capital	25,713	25,713	20,000
Net Investments	(79,519)	(57,825)	(28,602)

- 2.3.4 Table 1 shows the forecast CFR for 2023/24 is £487.634m, an increase of £21.911m compared to £465.723m at the end of 2022/23, but a reduction compared to the forecast CFR of £493.124m at the end of the first quarter. The CFR excluding other debt liabilities relating to Private Finance Initiative schemes is forecast at £293.847m an increase of £32.463m compared to the position at the end of 2022/23 but £5.490m lower than the Quarter 1 forecast.
- 2.3.5 The table clearly highlights that the Council borrowing is well below the CFR and the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy has been prudent in recent years as investment returns have been low and counterparty risk is still an issue that needs to be considered. This along with raising interest rates for external debt means that the Council will continue to analyse and assess the market to determine the optimum time to externally borrow.
- 2.3.6 The treasury management position as at 30 September 2023 and the change over the year to date is shown in Table 2 below.

Table 2 - Treasury Management Summary

Borrowing/Investments	31 March 2023 Balance £'000	Movement £'000	30 September 2023 Balance £'000	30 September 2023 Average Rate %
Long-term borrowing				
- Public Works Loan Board	35,241	-	35,241	2.81%
- Lender Option Borrowing Option	85,500	-	85,500	4.33%
- Other	40,001	-	40,001	4.03%
Short-term borrowing	254	-	254	-
Total Borrowing	160,996	-	160,996	-
Long-term investments	15,000	-	15,000	4.25%
Short-term investments	20,000	(7,000)	13,000	4.63%
Cash and cash equivalents	35,780	9,815	45,595	4.90%
Total Investments	70,780	2,815	73,595	
Net Borrowing (total borrowing less total investments)	90,216		87,401	

As can be seen in the table above, borrowing remains unchanged from the start of the financial year. However, borrowing is likely to increase in line with planned capital expenditure during the latter part of the year. Overall, the level of investment has increased £2.815m since the end of 2022/23 due to the cash position of the Council.

2.4 Borrowing

- 2.4.1 CIPFA's 2021 Prudential Code is clear that Local Authorities must not borrow to invest primarily for financial return and that it is not prudent for Local Authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority.
- 2.4.2 Public Works Loan Board (PWLB) loans are no longer available to Local Authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.
- 2.4.3 Oldham Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council, and it has no plans to do so in future.
- 2.4.4 The chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

- 2.4.5 There has been a substantial rise in the cost of both short and long-term borrowing over the last 18 months. Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. Bank Rate was 2% higher than at the end of September 2022.
- 2.4.6 UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels. On 30 September, the PWLB certainty rates for maturity loans were 5.26% for 10-year loans, 5.64% for 20-year loans and 5.43% for 50-year loans. Their equivalents on 31 March 2023 were 4.33%, 4.70% and 4.41% respectively.
- 2.4.7 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.
- 2.4.8 As at 30 September 2023, Oldham Council held £160.996m of loans. There has been no new borrowing undertaken in the year to date so no movement from the position at 31 March 2023. Outstanding loans on 30 September (borrowing position) are summarised in Table 3 below.

Table 3 - Borrowing Position

Borrowing Sources	31 March 2023 Balance £'000	Movement £'000	30 September 2023 Balance £'000	30 September 2023 Weighted Average Rate %	30 September 2023 Weighted Average Maturity (years)
Public Works Loan Board	35,241	-	35,241	2.81%	18.12
Banks (LOBO)	85,500	-	85,500	4.33%	43.43
Banks (fixed-term)	40,000	-	40,000	4.03%	46.05
Local Bonds (long-term)	1	-	1	1.00%	-
Local Bonds (short-term)	22	-	22	0.00%	-
Local Charitable Trusts (short-term)	231	-	231	4.71%	1
Total Borrowing	160,996	-	160,996		

LOBO Loans

- 2.4.9 Oldham Council continues to hold £85.500m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate and terms or to repay the loan at no additional cost.
- 2.4.10 With market interest rates having risen, the probability of LOBOs being called has been higher than in the recent past. A total of £35.000m of LOBO loans had annual/semi-annual call option dates during the period April-September, however no lender exercised their option.
- 2.4.11 Currently Oldham Council has £34.000m LOBO loans with call dates during the remaining six months of this financial year. Of this sum, £10.000m is held with Dexia Finance, and the remaining £24.000m split with three other providers, Danske Bank, KBC Bank and KA Finanz. At the time of writing no call options have been exercised.

2.4.12 Council officers have liaised with treasury management advisors, Arlingclose, over the likelihood of the options being exercised for LOBOs within the loan portfolio. If the option is exercised the Authority plans to repay the loan at no additional cost. If required, the Authority will repay the LOBO loans with available cash or by borrowing from alternative sources or the PWLB, always providing that overall savings can be demonstrated. Given the revised interest rate forecasts referred to earlier in this report, the probability of the LOBO options being exercised is reducing.

2.5 Treasury Investment Activity

2.5.1 CIPFA published a revised the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

2.5.2 At 30 September 2023, the Council held £73.595m invested funds, representing income received in advance of expenditure plus balances and reserves held. During the first six months of 2023/24, the Authority's investment balances ranged between £70.870m and £86.330m due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4 - Treasury Investment Position

Investment Placements	31 March 2023 Balance £'000	Movement £'000	30 September 2023 Balance £'000	30 September 2023 Income Return %
Banks & building societies (unsecured)	10,000	(10,000)	-	4.06%
Government (incl. Local Authorities)	10,000	3,000	13,000	4.77%
Money Market Funds	35,780	9,815	45,595	4.90%
Property Pooled Fund	15,000	-	15,000	4.43%
Total investments	70,780	2,815	73,595	

2.5.3 Both the CIPFA Code and Government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

2.5.4 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

2.5.5 Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%. Money Market Rates in the first six months ranged between 4.04% and 5.35%.

- 2.5.6 The Council in previous years has invested £15.000m in the Churches, Charities & Local Authorities (CCLA) pooled property fund. As this is a longer-term investment and there has been no change in the value held over the first half of the year. This investment has average earnings of 4.43%.
- 2.5.7 UK property markets were more settled during the second quarter of financial year 2023/24 (July – September) when the sharp rise in bond yields resulted in a big fall in property valuations. There were signs of returning investor interest, occupier resilience and a perception that the downturn in commercial real estate may be bottoming out. It helped rental income and led to some stabilisation in capital values. However, the combination of high interest rates and bond yield, higher funding costs and the prospect of sluggish economic growth constrain the outlook for commercial property.
- 2.5.8 The combination of the above had a no effect on the combined value of the Authority’s property funds since March 2023. Income returns have risen slightly in the second quarter at 4.43%.
- 2.5.9 The change in the Authority’s funds’ capital values and income return over the 3-month period is shown in Table 4.
- 2.5.10 The Authority has budgeted income from these investments in 2023/24. Income received for the period up to 30 September was £0.311m.
- 2.5.11 The Council’s investments have no defined maturity date, but are available for withdrawal after a notice period, but their performance and continued suitability in meeting the Councils medium to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

Statutory Override

- 2.5.12 In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for 2 years until 31 March 2025, but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Council will discuss with Arlingclose the implications for the investment strategy and what the future implications will be. Any future Treasury Management Strategies will be revised accordingly.

2.6 Treasury Team Performance

- 2.6.1 The Treasury Team measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in Table 5 below.

Table 5 – Treasury Team Performance

	Budgeted Performance Rates / Benchmark SONIA Return %	Benchmark SONIA Return % Plus 5%	Actual Return %
Budgeted Investment Rates	4.400%		4.710%
Overnight SONIA	4.751%	4.989%	4.896%

- 2.6.2 The budgeted investment rate of 4.40% (shown above) included within the annual strategy for 2023/24 was based on the average rate over the full financial year as expectations were for a number of interest rate rises to take place during 2023/24. The actual rate achieved in the first six months exceeds this budgeted rate.
- 2.6.3 Previously the benchmark return was measured on the London Interbank Bid Rate (LIBID) which was a forward-looking interest rate. The Bank of England replaced LIBID with SONIA in December 2021. SONIA is calculated differently to LIBID in that it is a backward looking rate, based on actual results. In a rapidly increasing interest rate environment SONIA can increase quicker than the existing portfolio of investments. This can be shown above as the actual return is slightly lower than the benchmark.
- 2.6.4 The Director of Finance reports that all treasury management activities undertaken during the period to 30 September 2023 complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in Table 6 below.

Table 6 - Investment Limits

Investment Limit	Maximum during Q2 2023/24 £'000	Actual Position at 30 September 2023 £'000	Maximum Allowable in 2023/24 £'000	Compliance Yes/No
Any single organisation, except the UK Government	-	-	30,000	Yes
Any group of organisations under the same ownership	-	-	20,000	Yes
Any group of pooled funds under the same management	15,000	15,000	15,000	Yes
Unsecured investments with building societies	-	-	20,000	Yes
Money Market Funds	71,330	45,595	80,000	Yes
Strategic Pooled Funds	15,000	15,000	15,000	Yes

- 2.6.5 Compliance with the Operational Boundary and Authorised Limit for external debt is demonstrated in Table 7 below.

Table 7 – Operational Boundary and Authorised Limit

Borrowing /Limits	Actual Position at 30 September 2023 £'000	2023/24 Operational Boundary £'000	2023/24 Authorised Limit £'000	Compliance Yes/No
Borrowing	160,996	312,000	332,000	Yes
PFI and Finance Leases	193,787	196,500	201,500	Yes
Total Gross Borrowing / Limit	354,782	508,500	533,500	Yes

- 2.6.6 The Operational Boundary represents the expected borrowing position for the Council for the year and was originally set at £508.500m.
- 2.6.7 The Authorised Limit is the “affordable borrowing limit” required by Section 3 of the Local Government Act 2003 and for 2023/24 was set at £533.500m. Once this has been set, the Council does not have the power to borrow above this level although it can be revised if required.
- 2.6.8 Since the Operational Boundary is a management tool for in-year monitoring it is not significant if the Operational Boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. No breaches have occurred, and it is not anticipated that there will be any breaches in 2023/24.
- 2.6.9 Due to the reduction in the CFR during the year (as advised at paragraph 2.3.4 and Table 1) it is proposed that both the Operational Boundary and the Authorised Limit are reduced. The proposed limits are presented in Table 8 below and show a reduction in the Operational Boundary from £508.500m to £494.000m and the Authorised Limit from £533.500m to £519.000m.

Table 8 – Proposed Revised Operational Boundary and Authorised Limit

Borrowing /Limits	2023/24 Revised Operational Boundary £'000	2023/24 Revised Authorised Limit £'000
Borrowing	297,500	317,500
PFI and Finance Leases	196,500	201,500
Total Gross Borrowing / Limit	494,000	519,000

2.7 Treasury Management Prudential Indicators

- 2.7.1 As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

Liability Benchmark

- 2.7.2 This new indicator compares the Authority’s actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing that the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10.000m, the level required to manage day-to-day cash flow.

Table 9 - Liability Benchmark

Liability Benchmark Measurement	31 March 2023 Actual £'000	31 March 2024 Forecast £'000	31 March 2025 Forecast £'000	31 March 2026 Forecast £'000
Loans CFR	262,800	292,300	347,900	388,500
Less: Balance sheet resources	181,254	157,900	158,200	158,500
Net loans requirement	81,546	134,400	189,700	229,400
Plus: Liquidity allowance	10,000	10,000	10,000	10,000
Liability benchmark	91,546	144,400	199,700	239,400
Existing /forecast borrowing	160,996	173,496	207,496	230,396

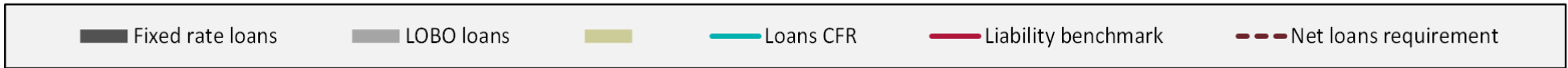
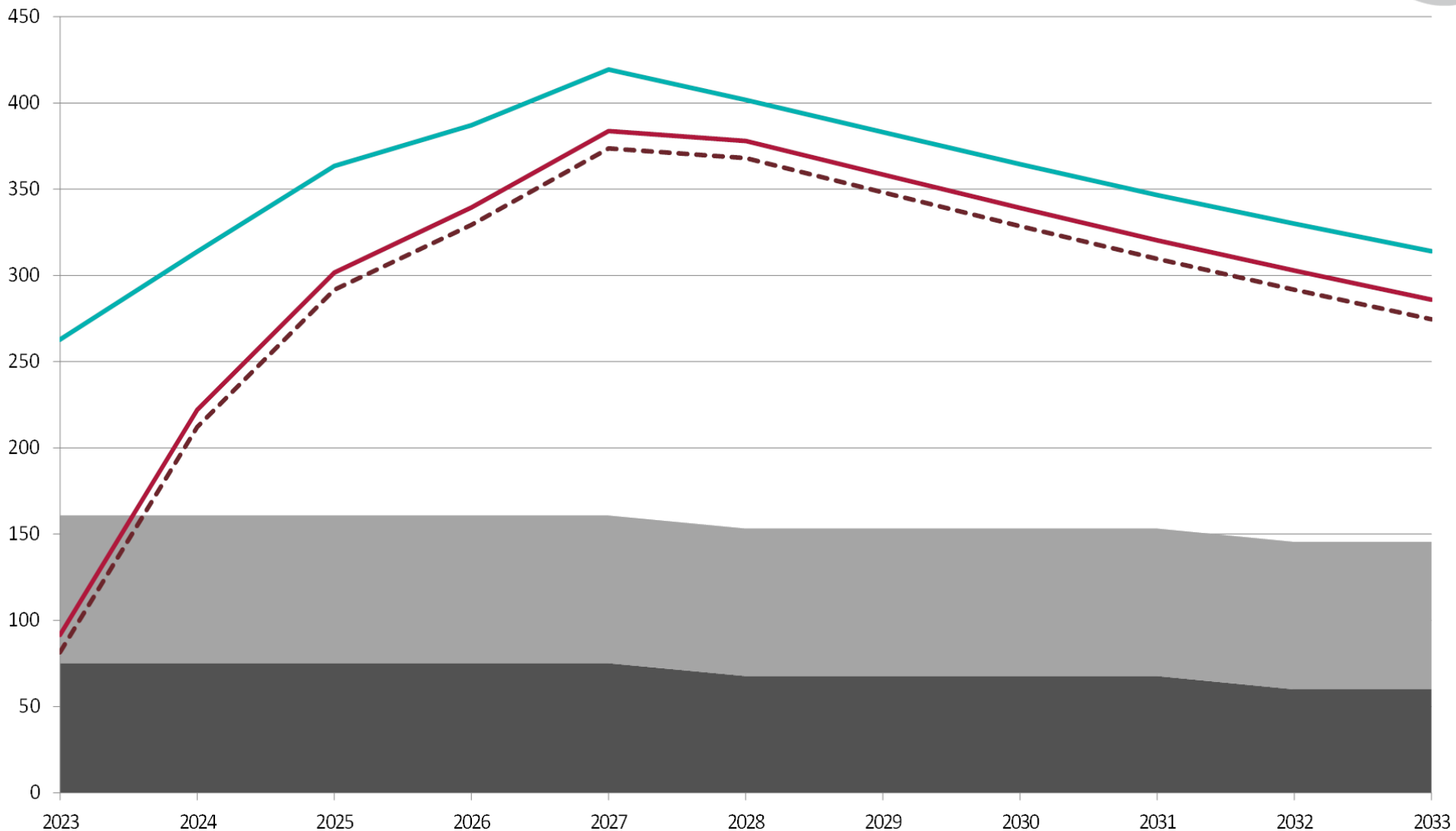
- 2.7.3 As demonstrated by the liability benchmark in the table above, the Council expects to be a long-term borrower to finance the expected capital spend. There could be timing differences between when the Council externally borrows compared to when the expenditure is required due to the nature of capital works, but new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 2.7.4 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing. Minimum Revenue Provision on new capital expenditure is forecast based on a 25 year asset life. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing

Liability Benchmark - Oldham MBC



£m

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- 2.7.5 Table 10 below sets out the maturity structure of borrowing at the end of the first six months of 2023/24 compared to the upper and lower limits set in the Treasury Management Strategy for 2023/24.

Table 10 - Maturity Structure of Borrowing

Borrowing Timeframe	Upper Limit	Lower Limit	30 September 2023 Actual	Compliance Yes/No
Under 12 months	40%	0%	24.26%	Yes
12 months and within 24 months	40%	0%	3.11%	Yes
24 months and within 5 years	40%	0%	30.48%	Yes
5 years and within 10 years	40%	0%	4.82%	Yes
10 years to 20 years	50%	0%	3.11%	Yes
20 years to 30 years	50%	0%	3.11%	Yes
30 years to 40 years	50%	0%	3.11%	Yes
40 years to 50 years	50%	0%	15.55%	Yes
50 years to 60 years	50%	0%	12.44%	Yes

- 2.7.6 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. In the case of LOBO loans, the next option date has been used as the measure to determine if it is potentially repayable.

Long-term Treasury Management Investments

- 2.7.7 The purpose of the Long-Term Treasury Management indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are set out in the table below.

Table 11- Limit / Actual Investments exceeding one year

Limit /Actual Investments Exceeding One Year	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	£50m	£50m	£50m	£50m
Actual principal invested beyond year end	£15m	-	-	-
Compliance – Yes/No?	Yes	N/A	N/A	N/A

- 2.7.8 Long-term investments with no fixed maturity date include strategic pooled funds. For the Council, this is currently the CCLA Property Fund. Long term investments exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term investments.

3 Options/Alternatives

- 3.1 In order that the Council complies with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management the Audit Committee has no option other than to consider and approve the contents of the report. Therefore, no options/alternatives have been presented.

4 Preferred Option

4.1 The preferred option is that the contents of the report are agreed and recommended to Cabinet for approval.

5 Consultation

5.1 There has been consultation with the Council's, Treasury Management Advisors, Arlingclose in the production of this report.

5.2 The presentation of the Treasury Management Half Year Review Report to the Audit Committee for detailed scrutiny on 31 October 2023 will be in compliance with the requirements of the CIPFA Code of Practice. The report will then be presented to Cabinet and then subsequently Council for approval.

6 Financial Implications

6.1 All included within the report.

7 Legal Services Comments

7.1 None.

8 Co-operative Agenda

8.1 The Council ensures that any Treasury Management decisions comply as far as possible with the ethos of the Co-operative Council.

9 Human Resources Comments

9.1 None.

10 Risk Assessments

10.1 There are considerable risks to the security of the Authority's resources if appropriate treasury management strategies and policies are not adopted and followed. The Council has established good practice in relation to treasury management which has previously been acknowledged in both Internal and the External Auditors' reports presented to the Audit Committee.

11 IT Implications

11.1 None.

12 Property Implications

12.1 None.

13 Procurement Implications

13.1 None.

14 Environmental and Health & Safety Implications

14.1 None.

15 Community cohesion disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998

15.1 None.

16 Oldham Impact Assessment Completed (Including impact on Children and Young People)

16.1 No.

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FLC 16-23

19 Background Papers

19.1 The following is a list of the 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 that Act.

File Ref: Background papers are contained with Appendix 1
Officer Name: Talei Whitmore
Contact No: 0161 770 4424

20 Appendices

Appendix 1 - Prudential and Treasury Indicators

Appendix 2 – Equality Impact Assessment

Appendix 1 - Prudential and Treasury Indicators

The following tables shows a summary of the prudential indicators for half year 2023/24.

Capital Expenditure

Capital Expenditure/Financing	2022/23 Actual £'000	2023/24 Forecast £'000	2024/25 Budget £'000	2025/26 Budget £'000
Expenditure				
General Fund services	58,577	75,831	129,301	63,972
HRA	210	764	628	95
Total Capital Expenditure	58,787	76,595	129,930	64,067
Financing				
Grants & Contributions	(32,411)	(29,464)	(58,478)	(13,469)
Prudential Borrowing	(16,868)	(39,002)	(64,945)	(49,959)
Revenue	(237)	(1,078.97)	(630)	(95)
Capital Receipts	(9,271)	(7,049.77)	(5,877)	(544)
Total Financing	(58,787)	(76,595)	(129,930)	(64,067)

Capital Financing Requirement (CFR)

Capital Financing Requirement	31 March 2023 Actual £'000	31 March 2024 Forecast £'000	31 March 2025 Budget £'000	31 March 2026 Budget £'000
General Fund Services	465,723	487,634	528,112	550,202
Total CFR	465,723	487,634	528,112	550,202

Gross Borrowing and the Capital Financing Requirement

Gross Borrowing / CFR	31 March 2023 Actual £'000	31 March 2024 Forecast £'000	31 March 2025 Budget £'000	31 March 2026 Budget £'000	Debt at 30 September 2023 £'000
Gross Borrowing (incl. PFI & leases)	365,335	367,283	389,872	400,652	354,782
Capital Financing Requirement	465,723	487,634	528,112	550,202	-

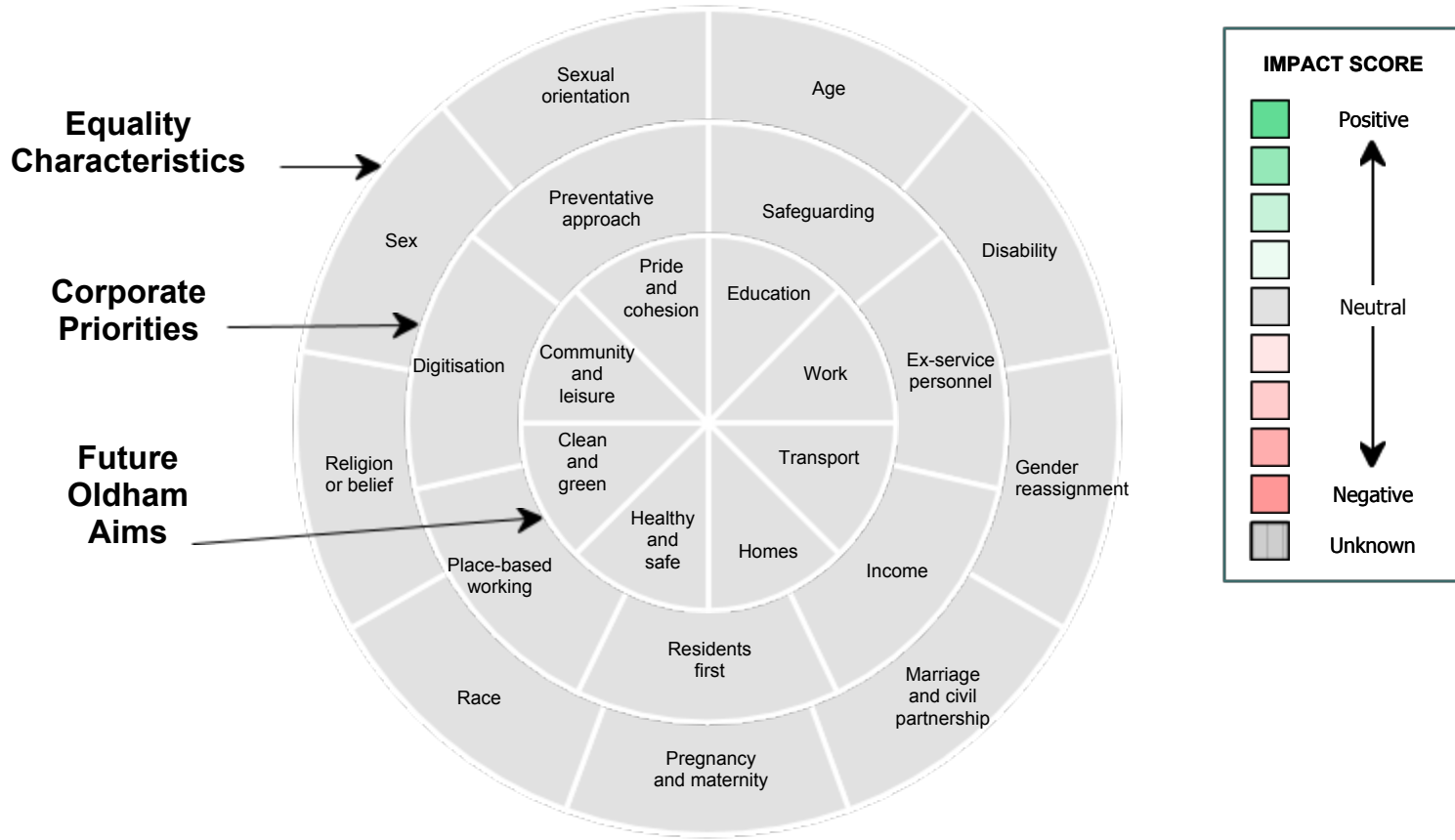
Debt and the Proposed Revised Authorised Limit and Operational Boundary

Debt	Debt at 30 June 2023	2023/24 Half Year Revised Operational Boundary	2023/24 Half Year Revised Authorised Limit	Compliance? Yes/No
	£'000	£'000	£'000	
Borrowing	160,996	297,500	317,500	Yes
PFI and Finance Leases	193,787	196,500	201,500	Yes
Total Debt	354,782	494,000	519,000	

Proportion of Financing Costs to Net Revenue Stream

Financing Cost/Net Revenue Stream	2022/23 Actual £'000	2023/24 Forecast £'000	2024/25 Budget £'000	2025/26 Budget £'000
Financing costs (£m)	24,124	27,607	32,957	35,179
Proportion of net revenue stream	8.81%	10.06%	11.56%	12.13%

Treasury Management Half Year Review 2023/24



Treasury Management Half Year Review 2023/24				
	Impact	Likelihood	Duration	Comment
Equality Characteristics				
Age	Neutral	Possible	Short Term	The report considers the performance of the Treasury Management function (within Finance) for quarter 2 2023/24 and as such, in isolation has no direct impact on Equality
Disability	Neutral	Possible	Short Term	As Above
Gender reassignment	Neutral	Possible	Short Term	As Above
Marriage and civil partnership	Neutral	Possible	Short Term	As Above
Pregnancy and maternity	Neutral	Possible	Short Term	As Above
Race	Neutral	Possible	Short Term	As Above
Religion or belief	Neutral	Possible	Short Term	As Above
Sex	Neutral	Possible	Short Term	As Above
Sexual orientation	Neutral	Possible	Short Term	As Above
Corporate Priorities				
Safeguarding	Neutral	Possible	Short Term	The report considers the performance of the Treasury Management function (within Finance) for quarter 2 2023/24 and as such, in isolation has no direct impact on Corporate Priorities
Ex-service personnel	Neutral	Possible	Short Term	As Above
Income	Neutral	Possible	Short Term	As Above
Residents first	Neutral	Possible	Short Term	As Above
Place-based working	Neutral	Possible	Short Term	As Above
Digitisation	Neutral	Possible	Short Term	As Above
Preventative approach	Neutral	Possible	Short Term	As Above
Future Oldham Aims				
Education	Neutral	Possible	Short Term	The report considers the performance of the Treasury Management function (within Finance) for quarter 2 2023/24 and as such, in isolation has no direct impact on Future Oldham Aims
Work	Neutral	Possible	Short Term	As Above
Transport	Neutral	Possible	Short Term	As Above
Homes	Neutral	Possible	Short Term	As Above
Healthy and safe	Neutral	Possible	Short Term	As Above
Clean and green	Neutral	Possible	Short Term	As Above
Community and leisure	Neutral	Possible	Short Term	As Above
Pride and cohesion	Neutral	Possible	Short Term	As Above



Report to Audit Committee

2023/24 Internal Audit and Counter Fraud Progress Report

Portfolio Holder: Councillor Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

Officer Contact: John Miller – Head of Audit & Counter Fraud

Report Author: John Miller – Head of Audit & Counter Fraud

31 October 2023

Reason for Decision

The Audit Committee's Terms of Reference state that:

4.4.2 The Audit Committee shall:

a) be responsible for oversight of the Council's Internal Audit arrangements and will;
(ii) review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary;

This report provides Members with a high-level progress report on the work of the Internal Audit and Counter Fraud team for Q2 of the 2023/24 financial year which alongside:

- further progress reports on Q3 and Q4 for 2023/24 to be provided to the Committee during the year;
- the Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2023/24; and,
- joint reports to the Audit Committee on Actions to address agreed service areas;

assists the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution.

Executive Summary

The report summarises the work carried out by the team from 1 April 2023 to 30 September 2023.

During the first half of the year the team prioritised the Council's Fundamental Financial Systems (FFS) reviews to provide assurance in respect of the 2022/23 Financial Statements, and the Annual Opinion Report of the Head of Audit and Counter Fraud for 2022/23.

In addition, other Audit and Counter Fraud Team activity included:

- Continued support in respect of COVID-19 grant funding regimes, including responding to Central Government requests for supporting information in respect of grants received.
- Completion of a variety of other planned Audit reviews and reports on St Theresa's Primary School, St. Joseph's Primary School and Licensing Income.
- Ongoing work on audit reviews of Street Lighting, Energy Management, Land Sales, the Contract Register, Spindles Procurement, the Music Service and Burnley Brow Primary School, and the Council's Music Service.
- Corporate Counter Fraud activities have identified £123,626 of fraud, errors and overpayments. The Direct Payments Audit Team (Children and Adults) have continued to deliver significant recovery outcomes which have generated £31,289 and £1,343,777 (respectively) for the period 1 April 2023 to 30 September 2023.

Recommendation

Members are requested to consider and note the 2023/24 Q2 Audit and Counter Fraud Progress Report.

2023/24 Q2 Internal Audit and Counter Fraud Progress Report**1. Background**

- 1.1 This report summarises the work of the Audit and Counter Fraud Team between 1 April 2023 and 30 September 2023.
- 1.2 The main content of the report is structured as follows:
- Section 2: 2023/24 Audit and Counter Fraud Service: Progress Update.
 - Section 3: Corporate Counter Fraud.
 - Section 4: Audit of Direct Payments.

2. 2023/24 Audit and Counter Fraud Service: Progress Update

2.1 Priorities for the 2023/24 Audit and Counter Fraud Plan include:

- Fundamental Financial Systems (FFS) reviews to provide assurance in support of the Authority's annual financial statements.
- Audits which are classed as "high priority" in the Annual Audit Needs Assessment.
- Counter Fraud work to identify fraud risks within the corporate systems.
- Specific fraud investigations on Council Tax Reduction and Corporate Fraud.
- Delivery of the financial audits of Direct Payments in line with service plans and targets.
- Support and provide assurance in connection with postal votes for local, regional, and parliamentary elections.

Progress against these priorities is summarised below:

2022/23 Fundamental Financial Systems (FFS) reports

- 2.2 Work commenced on these reviews in October 2022 and draft final reports were issued during Quarter 1 of 2023/24. Members have received reports on the significant findings of our work in this area in connection with Payroll, Adult Social Care, Children's Social Care and Debt as part of the Annual Report and Opinion of the Head of Audit and Counter Fraud for the year 2022/23.
- 2.3 During Quarter 2 the following were the subject of further discussion and finalisation with management, and final reports were issued in respect of:
- Council Tax
 - Business Rates (NDR)
 - Treasury Management
 - Bank Reconciliations
 - Housing Benefit
 - Council Tax Reduction
 - Accounts Payable
 - Fixed Assets
 - Children's Social Care

Further details can be found at Appendix 1.

- 2.4 As at the date of writing, final reports have also been issued in Quarter 3 in respect of:

- Payroll
- Accounts Receivable
- Debt Recovery

- 2.5 An update on progress against agreed actions in the 2022/23 Payroll report will be presented to the Audit Committee at its meeting in January 2024.
- 2.6 The Draft Accounts Receivable report has, at final stage, been split into two separate reports and re-issued. The first report, of the same name, now covers only the day-to-day Accounts Receivable functions, and now has an opinion of Adequate. A second report in respect of the Council's Debt Recovery processes has been issued in order to focus management attention on this area. The Debt Recovery process was the reason for the original Draft Opinion on Accounts Receivable being Inadequate. This opinion now transfers to the new Debt Recovery report where the audit opinion is Inadequate.
- 2.7 The remaining two FFS reports in the process of finalisation are the Direct Payment review, and the Residential Care review. Members received a presentation from the Director of Adult Social Care on the Service's response to the Direct Payment Audit review at the Audit Committee meeting in July 2023. Internal Audit continues to work with the Service in constructing and implementing its response to the recommendations made, and the Direct Payment report will also be the subject of a further update on progress to the Audit Committee in January 2024.

Other planned work

- 2.8 In addition to the FFS related reports the team has also issued draft reports on St. Theresa's Primary, St. Joseph's Primary School, and Licensing Income.
- 2.9 Other work underway as at 30 September 2023 included reviews of:
- The Council's Land Sales Programme.
 - Spindles pre-contract procurement review.
 - Contract Register.
 - Energy Management.
 - Street Lighting.
 - Burnley Brow Primary School.
 - Music Service.
- 2.10 One further planned review ongoing in the quarter was in relation to IT Vulnerability Management Controls. This work is undertaken by Salford Computer Audit Service (SCAS) which is part of Salford Council and which provides specialist IT related audit services across North West Local Authorities and beyond.

Grant Assurance Reviews

- 2.11 Further work was also undertaken in connection with grant funding schemes in response to the COVID-19 pandemic by way of responding to Central Government requests for supporting information to ensure grant funding has been utilised as intended.

Other Work Undertaken

- 2.12 The team has also supported both the Director of Finance and other colleagues within the Finance Service, and in other service areas, with ad hoc requests for support and assistance throughout the period as required.

3. Corporate Counter Fraud

3.1 The Corporate Counter Fraud Team continues to perform well. Appendix 2 sets out the key outcomes from the work conducted.

3.2 Highlights include the identification of:

- 45 cases of non-CTR fraud/misuse of funds including Council Tax Single Person Discount fraud (SPD), Blue Badge misuse, abuse of position and Direct Payment misuse.
- £14,889 of non-CTR fraud/misuse.
- 40 cases of ineligible claims for Council Tax Reduction (CTR).
- £46,885 of Housing Benefit ineligibility and overpayments (identified as part of the CTR investigations).
- £61,851 of ineligible claims for Council Tax Reduction (CTR).

3.3 In line with the priorities agreed by the Audit Committee, the Counter Fraud Team will continue to:

- Collaborate with the Internal Audit Team.
- Ensure the delivery of the Internal Audit and Counter Fraud Plan 2023/24.

4. Audit of Direct Payments

4.1 The Direct Payments Audit team has a dual role, as a compensating control, of:

- Ensuring client spending is in line with their agreed Support Plan.
- Identifying overpayments made / or client contributions outstanding for recovery.

4.2 Appendix 3 shows the Direct Payments Audit volumes and financial outcomes arising for both Adults and Children's Services, which are £1,343,777 and £31,289 (respectively). In total the team carried out 475 Adults and Children's Direct Payment Audits.

4.3 The team also continues to assist the Adult Social Care Service by way of the Direct Payment (DP) Auditors invoicing for DP overpayments as soon as the DP audit is concluded. We commenced this invoicing in January 2023.

5 Options/Alternatives

5.1 The Audit Committee can either:

- a) choose to accept and note the progress achieved and performance by the Audit and Counter Fraud Team; or,
- b) decline to accept and note the progress achieved and performance by the Audit and Counter Fraud Team and suggest an alternative approach.

6 Preferred Option

6.1 The preferred option is that the Audit Committee accepts and notes the progress achieved and performance by the Audit and Counter Fraud Team.

7 Consultation

7.1 N/A.

- 8 **Financial Implications**
- 8.1 N/A.
- 9 **Legal Services Comments**
- 9.1 N/A.
- 10 **Co-operative Agenda**
- 10.1 N/A.
- 11 **Human Resources Comments**
- 11.1 N/A.
- 12 **Risk Assessments**
- 12.1 The 2023/24 Audit and Counter Fraud Plan was prepared, reviewed, and updated using a risk-based approach. The Terms of Reference for each agreed project are also determined using a risk-based methodology. (John Miller)
- 13 **IT Implications**
- 13.1 N/A.
- 14 **Property Implications**
- 14.1 N/A.
- 15 **Procurement Implications**
- 15.1 N/A.
- 16 **Environmental and Health & Safety Implications**
- 16.1 N/A.
- 17 **Equity, Community Cohesion and Crime Implication**
- 17.1 N/A.
- 18 **Equality Impact Assessment Completed**
- 18.1 No.
- 19 **Forward Plan Reference**
- 19.1 N/A.
- 20 **Key Decision**
- 20.1 No.

21 **Background Papers**

21.1 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: Background papers are included as Appendices 1, 2 & 3
Officer Name: John Miller
Contact: john.miller@oldham.gov.uk

22 **Appendices**

22.1 The following Appendices are available to support this Report:

- **Appendix 1:** Summary of Audit Reports/Outcomes – 1 April 2023 to 30 September 2023
- **Appendix 2:** Counter Fraud Results – 1 April 2023 to 30 September 2023
- **Appendix 3:** Direct Payments Results – 1 April 2023 to 30 September 2023

Audit and Counter Fraud 2023/24 - Summary of Audit Reports/Outcomes - 1 April 2023 to 30 September 2023

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
1	Chief Executive	2022/23 Draft Final Report – Council Tax	Report	Q1	Adequate
2	Chief Executive	2022/23 Draft Final Report – Business Rates (NDR)	Report	Q1	Adequate
3	Chief Executive	2022/23 Draft Final Report – Treasury Management	Report	Q1	Good
4	Chief Executive	2022/23 Draft Final Report – Bank Reconciliations	Report	Q1	Good
5	Chief Executive	2022/23 Draft Final Report – Payroll	Report	Q1	Inadequate
6	Chief Executive	2022/23 Draft Final Report – Housing Benefit	Report	Q1	Adequate
7	Chief Executive	2022/23 Draft Final Report – Council Tax Reduction	Report	Q1	Adequate
8	Chief Executive	2022/23 Draft Final Report – Accounts Payable	Report	Q1	Adequate
9	Chief Executive	2022/23 Draft Final Report – Accounts Receivable	Report	Q1	Inadequate
10	Adult Social Care	2022/23 Draft Final Report – Direct Payments	Report	Q1	Weak
11	Adult Social Care	2022/23 Draft Final Report – Residential Care	Report	Q1	Inadequate
12	Chief Executive	2022/23 Draft Final Report – Fixed Assets	Report	Q1	Adequate
13	Children & Young People	2022/23 Draft Final Report – Cash Income (Lifelong Learning)	Report	Q1	Good
14	Children & Young People	2022/23 Draft Final Report – Children’s Social Care	Report	Q1	Inadequate

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
15	Children & Young People	Draft Report - Semi Independence Units (Follow up)	Report	Q1	Adequate
16	Place & Economic Growth	Draft Report - Diggle Clock Tower pre-contract procurement	Report	Q1	Adequate
17	Place & Economic Growth	Draft Report - Old Museum / Library pre-contract procurement	Report	Q1	Adequate
18	Place & Economic Growth	Draft Report - Egyptian Room pre-contract procurement	Report	Q1	Adequate
19	Place & Economic Growth	Draft Report - North Chadderton High School Extension pre-contract procurement.	Report	Q1	Good
20	Children & Young People	Draft Report - Out of Borough Placements	Report	Q1	Adequate
21	Place & Economic Growth	Draft Report - Housing Strategy Implementation	Report	Q1	Adequate
22	Chief Executive	Draft Report – IT Change Management (SCAS)	Report	Q1	Adequate
23	Chief Executive	Local Elections Postal Vote Checks	Briefing note	Q1	Assurance
24	Chief Executive	2022/23 Final Report – Council Tax	Report	Q2	Adequate
25	Chief Executive	2022/23 Final Report – Business Rates (NDR)	Report	Q2	Adequate
26	Chief Executive	2022/23 Final Report – Treasury Management	Report	Q2	Good
27	Chief Executive	2022/23 Final Report – Bank Reconciliations	Report	Q2	Good
28	Chief Executive	2022/23 Final Report – Housing Benefit	Report	Q2	Adequate
29	Chief Executive	2022/23 Final Report – Council Tax Reduction	Report	Q2	Adequate
30	Chief Executive	2022/23 Final Report – Accounts Payable	Report	Q2	Adequate
31	Chief	2022/23 Final Report – Fixed Assets	Report	Q2	Adequate

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
	Executive				
32	Children & Young People	2022/23 Final Report – Children’s Social Care	Report	Q2	Inadequate
33	Children & Young People	Draft Report - St. Theresa’s Primary	Report	Q2	Inadequate
34	Place & Economic Growth	Draft Report - Licensing Income	Report	Q2	Adequate
35	Children & Young People	Final Report - Home to School Transport	Report	Q2	Inadequate
36	Children & Young People	Final Report – Out of Borough Placements	Report	Q2	Adequate
37	Children & Young People	Draft Report - St Joseph’s Primary (follow-up)	Report	Q2	Assurance

Key:

Opinion	Description
Advisory	The work in this area is either not audit work in nature, such as provision of advice and consultancy, and/or is undertaken on behalf of third parties.
Assurance	The work in this area has been undertaken in order to provide assurance that, e.g. funding has been spent as intended and/or procedures and controls have operated effectively
Weak	Action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and/or control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Inadequate	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and/or control to effectively manage risks to the achievement of objectives in the area audited.
Adequate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance and/or scope for improvement were identified which could put at risk the achievement of objectives in the area audited.
Good	A sound system of governance, risk management and/or control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Opinion withheld	Opinion has been withheld at interim stage pending further fieldwork required at final report stage in order to arrive at an opinion on the systems and controls in place.
TBC	Opinion awaiting confirmation following further discussion with management.

Audit and Counter Fraud 2023/24

Counter Fraud Results 1 April 2023 to 30 September 2023

Counter Fraud Team 2023/24	Quarter 1	Quarter 2	Total
Corporate Cases - Positive Results	17	28	45
Fraud and Error Overpayments identified as part of Corporate Cases (£)	£4,903.68	£9,985.92	£14,889.60
CTR cases amended as a result of an investigation	22	18	40
HB Fraud and Error Overpayments identified as part of a CTR investigation (£)	£36,612.72	£10,272.45	£46,885.17
CTR Fraud and Error Overpayments identified (£)	£33,519.65	£28,332.18	£61,851.83
Financial Outcomes	£75,036.05	£48,590.55	£123,626.60

Audit and Counter Fraud 2023/24

Direct Payments Results 1 April 2023 to 30 September 2023

Direct Payments Team 2023/24	Quarter 1	Quarter 2	Total
Number of Children's Direct Payment audits undertaken	2	9	11
Funds requested during Children's Direct Payment Audit	£2,376.26	£28,913.49	£31,289.75
Number of Adults Direct Payment Audit undertaken	190	274	464
Funds requested during Adults Direct Payment Audit	£485,029.33	£858,748.36	£1,343,777.69
Total Financial Outcomes from Direct Payment Audit Team	£487,405.59	£887,661.85	£1,375,067.44



Report to Audit Committee

Update on the Annual Governance Statement for 2022/23 and New Issues

Portfolio Holder: Cllr Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

Officer Contact: Chris Kelsall - Assistant Director of Finance (Capital & Transformation)

Report Author: Chris Kelsall - Assistant Director of Finance (Capital & Transformation)

31 October 2023

Purpose of the Report

The purpose of this report is to update Members of the Audit Committee on the Annual Governance Statement for 2022/23 and new issues for 2023/24 by:

- a) Outlining the progress made to reduce the risk of issues arising for the Council to address, where matters were identified as areas requiring improvement in internal control within the Annual Governance Statement for 2022/23.
- b) Highlighting any new issues which would be considered if the Annual Governance Statement was to be produced as at 31st October 2023.

This aligns to the Audit Committee's Terms of Reference which state that:

4.4.2 The Audit Committee shall, having regard to the CIPFA 'audit committee' guidance.

c) undertake the following activities in respect of corporate governance (iii) review the Annual Governance Statement and the progress made by the Council to address issues identified as risks when the financial statements are prepared;

Executive Summary

This report provides an update on the issues identified within the 2022/23 Annual Governance Statement and any other issues which will impact on a future iteration of the Annual Governance Statement .

Appendix 1 details the issues reported in the 2022/23 Annual Governance Statement and the actions taken so far during the 2023/24 financial year to mitigate these risks. It also gives an opinion on the present risk at the production of the Annual Governance Statement based upon a Red/ Amber/ Green (RAG) rating.

Appendix 2 details those new issues that may be considered for inclusion in the draft 2023/24 Annual Governance Statement should it have been produced as of 31 October 2023. It also gives an opinion on the present risk at the production of the Annual Governance Statement based upon a Red/ Amber/ Green (RAG) rating.

Recommendation

The Committee is asked to endorse the progress made on the issues identified in the 2022/23 Annual Governance Statement and the potential new issues which could be included in a future production of the Statement.

Update on the Annual Governance Statement for 2022/23 and New Issues

1 Introduction

- 1.1 Members will recall that at the training regarding the role and responsibilities of the Audit Committee, there was discussion about how the Audit Committee should discharge its obligation to review the issues identified within the Annual Governance Statement (AGS) and the production of a future AGS. The approach adopted by this Council whereby regular update reports were submitted to the Audit Committee providing an update on the issues highlighted and any new issues identified, was felt to be a reasonable approach
- 1.2 In this regard, this report provides an update on the issues identified within the 2022/23 AGS and any other issues which will impact on a future iteration of the AGS using a Red/Amber/Green (RAG) rating approach.
- 1.3 The RAG ratings signify:
- Red: remains a serious issue for the Council to address and is therefore very likely to be included in a future iteration of the AGS;
 - Amber: a serious issue with a potentially effective solution which has the potential to remove the issue from a future iteration of the AGS; and
 - Green: a potentially serious issue currently managed effectively by the Council. This is likely to remain in the AGS if there are matters outside the control of the Council

2 Issues Identified in the 2022/23 AGS

- 2.1 Appendix 1 highlights the issues identified in the 2022/23 AGS and the progress made on addressing them. There are two long term internal control issues (included in several past AGS's) that have been identified. In this regard:
- The Director of Adult Social Care presented to this Committee on 20 July 2023, the current plans to improve the control environment within the Service. The Committee requested a further update on progress be provided at the 15 January 2024 meeting. A follow up audit is now programmed for completion by the end of the calendar year to be reported at a future meeting of the Audit Committee in the 2024/25 Municipal Year.
 - It is planned that a report detailing the progress made on improving the internal control issues on payroll administration will be submitted to the Committee at its meeting on 15 January 2024.
- 2.2 There are two other issues identified as risks within the AGS over which the Committee might wish to have specific oversight. In this regard:
- The first issue is in relation to the long term financial resilience of the Council. Oldham reported a small overspend for the financial year 2022/23 and as highlighted to the Committee at its last meeting, the Council has a potential risk of a significant overspend for 2023/24 if the position cannot be managed and if the expenditure in services with the major variances to budget cannot be brought

back on track or compensating savings found in other services. The Council is implementing measures to manage expenditure and increase income with the aim of at least reducing the adverse variance by the end of the year.

Several other Authorities that also reported overspending in 2022/23 are now reporting significant overspending in 2023/24 (as in Oldham, often linked to pressures in Children's and Adults Social Care). In some instances, this had led to the Section 151 Officer highlighting a risk that in the future it will be necessary for a Notice under Section 114 (3) of the Local Government Act 1988 (Section 114 Notice) to be issued arising from ongoing recurring budget pressures with insufficient earmarked reserves and balances to support the financial position of the Council.

- The second is in relation to the regeneration plans of the Council and potential reprofiling of the capital programme as the planned timelines for projects cannot be met. This proves to be a particular challenge where time limited grant funding has been secured. Retrospectively, the Department for Levelling Up, Housing and Communities (DLUHC) has issued an Assurance Framework which makes the Director of Finance "the first line of defence" to ensure compliance with the requirements of the Department of Levelling Up Accountable Officer. Members will recall a report to the last meeting of this Committee which included a report that had been prepared for the Place, Economic Growth and Environment Scrutiny Board on 31 August 2023 setting out the Framework and an approach to meeting the requirements. The Committee was advised that the Scrutiny Board had agreed that it will receive a detailed review twice a year to support compliance with the requirements of the Assurance Framework. It was also agreed that the Chair of the Audit Committee and the Chair of the Scrutiny Board would liaise over the approach to work required to ensure the work of both bodies is coordinated. These actions should provide the assurance to the Audit Committee that the Council has plans in place to address the requirements of the Framework. The challenge for the Council is that this Assurance Framework reduces flexibility around the delivery of the programmes in what was already a tight timescale. The risk (albeit low) of not fully utilising the grant on these grant programmes remains.

3 Potential Issues for Inclusion in the AGS to support the 2023/24 Statement of Accounts

3.1 Appendix 2 highlights certain issues that if the 2023/24 AGS was produced as of 31 October 2023 would be considered for inclusion. In this regard:

- The Council has recently set up a 100% owned company (Oldham Total Care) which has purchased a Care Home. To finance the purchase, the Council has provided a loan to its 100% owned company and in order to facilitate the profitable operation of the business, the Council must finance working capital. This company changes the Council's previously reported risk profile on 100% owned companies as it involves loans and potential parental guarantees from the Council. The Council has a good understanding of the risks and challenges that can arise from company ownership and should be well placed to manage this effectively. However, it should be noted that other Authorities have failed to understand the potential risks associated with owning companies and this has contributed to the issuing of some of the Section 114 Notices elsewhere.

- There is a further potential risk linked into the transparency agenda and responding to Freedom of Information requests and inadvertently releasing sensitive personnel data into the public domain. Four Police Forces have released sensitive data potentially resulting in both fines from the Information Commissioner and a high volume of claims from staff (whose data has been released in the public domain). As organisations become more digitised/computerised there is an increased risk that sensitive information is provided to third parties without appropriate management checks following a download from systems. This can result in a high volume/ high impact data breach. Whilst not occurring in Oldham, there is a need to be sensitive to the risk.

4 Future Inspections which could impact on a future AGS

4.1 When the Council produces its AGS, consideration is given to the findings of key inspections/reviews that are undertaken during the year. There are two such inspections/reviews of which Members of this Committee need to be aware. These are:

- The Area Special Educational Needs and Disabilities (SEND) Inspection of the Local Area Partnership by the Office for Standards in Education, Children’s Services and Skills (OFSTED) and the Care Quality Commission (CQC). The outcome has been received and issued in the public domain and a monitoring inspection will be carried out within 18 months with a full reinspection within 3 years.
- A Peer Review is to be undertaken by Local Government Association in late October / early November this year.

4.2 These Inspections may result in findings which need consideration within a future iteration of the AGS.

5 Options/Alternatives

5.1 The options are that the Audit Committee:

- a) considers this report which details the progress made on issues identified in the draft AGS for 2022/23 and the new issues if the AGS was to be prepared at 31 October 2023.
- b) suggests an alternative approach to providing an update to the AGS.

6 Preferred Option

6.1 The preferred option is that the Audit Committee considers this report in accordance with the option set out at 5.1 (a).

7 Consultation

7.1 N/A.

8 Financial Implications

8.1 Any impact on the Council’s overall financial position is detailed in Appendices 1 and 2. (Anne Ryans)

- 9 **Legal Services Comments**
- 9.1 N/A
- 10 **Cooperative Implications**
- 10.1 N/A.
- 11 **Human Resources Comments**
- 11.1 N/A.
- 12 **Risk Assessments**
- 12.1 These are detailed in Appendices 1 and 2 of this report. (Chris Kelsall).
- 13 **IT Implications**
- 13.1 N/A.
- 14 **Property Implications**
- 14.1 N/A.
- 15 **Procurement Implications**
- 15.1 N/A.
- 16 **Environmental and Health & Safety Implications**
- 16.1 N/A.
- 17 **Community cohesion disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998**
- 17.1 N/A.
- 18 **Oldham Impact Assessment Completed (Including impact on Children and Young People)**
- 18.1 N/A.
- 19 **Key Decision**
- 19.1 N/A.
- 20 **Forward Plan Reference**
- 20.1 N/A.

21 **Background Papers**

- 21.1 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: Background papers are included in Appendices 1 and 2
Officer Name: Chris Kelsall
Contact: chris.kelsall@oldham.gov.uk

22 **Appendices**

- 22.1 **Appendix 1:** Significant Governance Issues and Risks Identified in the 2022/23 Annual Governance Statement.
Appendix 2: New Issues for consideration in a future Annual Governance Statement

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS

APPENDIX 1

2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
<p>The internal control environment on Adult Social Care systems did not sustain the improvements in the financial year 2022/23 for the fifth successive year compared to 2017/18. Issues identified in the 2022/23 internal audits as in previous financial years need to be implemented as a priority to improve internal control.</p>	<p>Added impetus is being given to strengthen the financial processes linked into the Mosaic system as the service pressures relating to the COVID-19 pandemic are receding. This will involve regular meetings of key staff responsible for the implementation of improvements identified. This will include a regular report to the Director of Finance on emerging issues. An Annual Report on the Control Environment within the Service will be submitted to the Audit Committee with key improvements identified throughout the year.</p>	<p>A detailed report to this Committee on 20 July 2023 from the Director of Adult Social Services (DASS) detailed the planned way forward to improve the controls within Adult Social Care including the Direct Payment System. The report outlined that the plans in place would demonstrate improvements to the control environment by the end of the financial year 2023/24. An update report will be submitted to an Audit Committee meeting in January 2024.</p> <p>There is recognition within the Adults Social Care Service that it needs to work together with the Finance Team to improve its systems of internal control. The challenge is identifying the capacity to undertake this work whilst continuing to provide day to day services at a time when not only is demand increasing but there is evidence of market failure in certain areas and statutory changes are expected and are likely to require revisions to current processes.</p> <p>The Autumn Statement 2022 deferred some major reforms to the operation of Adult Social Care until 1 October 2025.</p>	<p>Amber</p>

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
		<p>However, there is an expectation that during the period leading up to October 2025 actions will be taken to prepare for the introduction of these reforms.</p> <p>Current joint working between Finance and the Service has resulted in improvements in the collection of debt which are expected to be developed further.</p> <p>The ultimate judgement on whether the control environment has improved will be evidenced by the findings of the next review undertaken by Internal Audit.</p>	
<p>There are future changes to the Council's financial resilience due to uncertainty and matters outside of the Council's Control such as the future level of Government support for areas of high deprivation identified in the Levelling Up Agenda not progressing until the next Spending Review, planned reforms to Adult Social Care being deferred, the capacity in the wider Local Government sector to obtain audited opinions on the Statement of Final Accounts and the cost of living pressures which impacted on the Council's plans for change. An added pressure is that the Council's previous plans to deliver savings</p>	<p>During 2023/24, despite continuing to deal with the ongoing day to day pressures and statutory change, there are targeted plans to improve efficiency around:</p> <ul style="list-style-type: none"> • Delivering future transformation across targeted areas of the Authority via the plans to deliver budget savings. • Continued integration and co-operation with the NHS and key partners as per Our Future Oldham Plan. 	<p>As reported to this Committee on 27 June 2023 the Council overspent its overall agreed budget for 2022/23 by £1.147m. This has had the impact of reducing the Council's general balances by £1.147m.</p> <p>The demand led services of Children's and Adult Social Care alongside the delayed timing of certain budget reductions are the main reasons for the overspend in 2022/23.</p> <p>The Council has recognised the future financial challenge it is facing and has set</p>	Red

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS

APPENDIX 1

2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
<p>by transformation may continue to be constrained by the events outside its direct control.</p> <p>In addition, the final outturn for the financial year indicates an overspend of £1.147m reducing the level of general balances to £18.865m which is below the level recommended at the 1 March 2023 budget Council meeting.</p>	<ul style="list-style-type: none"> • Collection of revenues due to the Council. • Managing capital resources and expenditure and taking forward the regeneration programme within the Creating a Better Place initiative. • Realising the value of entities in which the Council has a financial interest. <p>This will be supported by:</p> <ul style="list-style-type: none"> • The Policy Team reviewing on-going updates of national and local policy. • An agreed Reserves Policy subject to regular review. • Joint working with key partners such as the NHS in line with Our Future Oldham to better align resources. • Regular financial and performance monitoring which will highlight the achievement of budget reductions and efficiencies delivered by transformation. 	<p>out a programme of transformational change to address the budget reduction requirement included within the Medium Term Financial Strategy. However, the current budget for 2023/24 once again confirmed the Council’s reliance on the use of one-off resources including reserves to achieve a balanced budget. Given the outturn for 2022/23 and the pressures which the Council is facing in year, it would suggest that opportunities to replenish reserves will be limited in future years and may reduce even further during 2023/24. Members will recall that the month 3 Financial Monitoring report presented to the last meeting of this Committee projected an overspend in year of £12.104m if mitigations could not be identified before the year end. Therefore, if the financial pressures, especially within the demand led services (Children’s and Adult Social Care) continue, the Council will have to manage its resources very carefully to ensure that reserves and balances are not depleted and so threaten the financial resilience of the Council.</p>	

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
		<p>The Autumn Statement 2022 and the Local Government Finance Settlement Policy Statement for 2023/24 and 2024/25 confirmed that the 2024/25 Local Government Finance Settlement would be the sixth one year settlement in succession, albeit with a strong indication of the overall funding allocation. The Autumn Statement 2023 is due on 22 November 2023 and this may provide some firmer indications of resources available to the Council for 2024/25</p> <p>Although the Government has been advising that there would be a review of the Local Government Finance system, given the time it would require to implement such a fundamental review of the distribution of Local Government resources, it is considered unlikely that significant Government grant support could be reallocated until the 2026/27 financial year at the earliest. As such the resourcing assumptions in the current Medium Term Financial Strategy (MTFS) do not seem unreasonable.</p> <p>The MTFS is currently being updated to have regard to the local issues and national economic factors. Cabinet</p>	

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
		<p>Members, as would be expected, are engaged in reviewing the budget to support the delivery of a sustainable MTFS.</p> <p>Should spending pressures continue, if Government grant resources are not increased significantly and reserves continue to reduce, then the Council will have to adapt its financial strategy to address these issues.</p> <p>As such, managing the pressures in demand led services, delivering the already approved budget reductions in 2023/24 and those already agreed for future years as well as taking forward the service transformation programme to deliver efficiencies will be key to the long term financial resilience of the Council.</p> <p>It is important to note that some other Authorities have also utilised their reserves to support the budget process. One such Authority is Southampton City Council. It has utilised CIPFA to undertake a financial management review to support future decision making in relation to budget setting.</p>	

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
	<p>The Director of Finance considered the risk as part of the closure of the 2022/23 accounts. Future financial monitoring arrangements for 2023/24 will also consider the risks.</p>	<p>The lessons learned from other Authorities can therefore be applied in the Oldham context and reports have been presented to the Audit Committee outlining some of the issues experienced elsewhere.</p> <p>The overall environment in which the Council is operating is expected to continue to be challenging for the remainder of the financial year 2023/24, with inflation remaining high and increasing cost pressures. This also has an impact on key suppliers and the Council is often seen as the last resort to ensure continuity of service.</p> <p>The financial resilience of the Council was considered during the closure of accounts for 2022/23 and the position is being monitored during 2023/24. Financial resilience will be a key aspect of the 2023/24 accounts closure process and future value for money assessments by the External Auditor.</p>	

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
<p>The Council has a number of key regeneration projects planned for the future as detailed in the Creating a Better Place Programme. Should one of these high-profile projects not be delivered as planned it is likely to result in future loss of budgeted grant income, reputational damage and/ or an increase in the overall financing of current plans from the Council's own resources. This is more challenging in 2023/24 due to the continued impact of inflationary pressure on the construction market as the cost of construction contracts are increasing plus the time constraints on key grant conditions. In addition, the market conditions are continuing in some instances, making it difficult to obtain insurance.</p>	<p>The Capital Investment Programme Board receives bi-monthly reports on the high value projects once construction is underway.</p> <p>From month 3 there is detailed monitoring of the capital programme and specific schemes which will provide early warnings of pressures.</p> <p>The Council's Reserves Policy is reviewed on a regular basis by the Director of Finance to reflect the agreed risks linked into the capital strategy.</p> <p>An annual review of major Regeneration Projects included within the agreed Capital Programme will be undertaken by the Council to assess the affordability of the capital</p>	<p>The Council's current capital programme including the Creating a Better Place Programme was agreed at Budget Council on 1 March 2023. The Capital Investment Programme Board meets on a regular basis considering the high value projects and the latest estimated costs.</p> <p>The production of the regular budget monitoring information for 2023/24 continues. There are cost pressures on certain projects that are underway and there is the potential that, should grant programmes fall behind schedule, it becomes more challenging to deliver the programmes within the grant funding deadlines. The processes the Council has in place to monitor projects and programmes will highlight if and when the position requires remedial action.</p> <p>The Reserves Policy was revised and scrutinised by the Audit Committee at its meeting on 27 June 2023.</p> <p>This review is now complete and the results will be incorporated into the Month 6 Financial Monitoring report.</p>	<p>Amber</p>

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
	<p>programme in light of the inflationary increases and continued uncertainty over long-term funding.</p> <p>There will be early engagement with the Department of Levelling Up, Housing and Communities (DLUHC) who administer key grant programmes whereby there is considered a risk of slippage to discuss re-profiling expenditure to later financial years.</p>	<p>During June 2023, DLUHC issued guidance on the expectation of Local Authorities in providing oversight of key capital grant programmes such as the Future High Streets Fund, Town Deals Fund and Levelling Up Fund. These are based upon the Accountable Officer arrangements which provide oversight of Government Departmental Spending. This specifies that the Section 151 Officer is expected to be the first line of defence to ensure that the programme funding is spent in accordance with the grant conditions. There are established Council processes and procedures in place to assist the S151 Officer in undertaking the actions required as the first line of defence.</p> <p>In this regard, a report was approved by the Place, Economic Growth and Environment Scrutiny Board of 31 August 2023 outlining the Assurance Framework specified by DLUHC and the Council's approach to compliance with this Framework. This included a</p>	

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
	<p>The Director of Finance considered the risks as part of the 2022/23 accounts. Future financial monitoring arrangements for 2023/24 will also consider the risks.</p>	<p>recommendation about the preparation of a follow up report in March 2024 outlining the progress made on the delivery of Future High Streets Fund, Town Deals Fund and Levelling Up Fund programmes. The report was also considered by the Audit Committee on 5 September 2023. The work of the Committee and Scrutiny Board will be aligned and respective work programmes should ensure that the Council has plans in place to address the requirements of the Framework.</p> <p>The financial resilience of the Council was considered during the closure of accounts for 2022/23 and the position is being monitoring during 2023/24. Updates on capital programme expenditure is included in the financial monitoring reports presented to Cabinet, the Governance, Strategy and Resources Scrutiny Board and also this Committee. Financial resilience will be a key aspect of the 2023/24 accounts closure process.</p>	

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS

APPENDIX 1

2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
<p>The audit opinion of the internal control environment for the operation of payroll including pension’s administration failed to sustain the improvements made as of 31 March 2022 with the opinion being downgraded to “inadequate” at the year-end. The system requires improvements to be delivered in the financial year 2023/24.</p>	<p>The administration of the payroll system will be subject to regular review by the Internal Audit Service.</p> <p>A report will be prepared for the Audit Committee at its meeting in January 2024 outlining the progress made in improving internal control informed by the half year Internal Audit Fundamental Financial System review of the system. The full year review completed at the end of 2023/24 will inform the completion of the 2023/24 AGS.</p>	<p>The outcome of the internal audit review of payroll for the financial year 2022/23 confirmed that improvements previously made to the control environment in the financial year 2021/22 were not sustained. As such, the performance of the payroll function remains one which is identified as an issue in the Annual Governance Statement.</p> <p>For the Committee to consider the matter in more depth, a detailed report outlining the issues and the progress made to improve the control environment is planned to be presented to the 15 January 2024 Committee.</p> <p>The work to implement the ITrent system is complete and while the system pays staff accurately it is important that improvements to process are made to maximise the potential from a modern system.</p> <p>The ultimate judgement on whether the control environment has improved will be the findings of the 2023/24 review undertaken by Internal Audit.</p>	<p>Amber</p>

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
<p>The continued compliance with the National Transparency Agenda has increased the risk to the Council of a future fraud and this has been enhanced by the improved general digital expertise of the population. Information included in the public domain and obtained under the Freedom of Information requests is used to exploit the Council.</p>	<p>There are regular reviews of the internal control mechanism including documenting changes to procedures operated due to home working to ensuring adequate controls are in place to prevent third parties receiving inappropriate payments.</p> <p>On-going reviews of the published information which is a legislative requirement under the Transparency Agenda are undertaken to balance whether the wider public interest test is served by the publication of the data.</p>	<p>The continued publication of certain data via the internet from which third parties obtain potentially exploitable information via the Transparency Agenda legislation exposes public bodies to the risk of fraud.</p>	Green
<p>The future reforms to Health Integration do not result in the efficiencies anticipated due to increased demand caused by a number of factors including the residual impact of the recent increases in the cost of delivering services.</p>	<p>The Council can, with its current Decision Making Processes increase its flexibility to increase/ decrease the contribution to the pooled budget managed under a Section 75 Agreement with Oldham NHS partners in the locality (using the powers of the NHS Act 2006). This is on the assumption this flexibility will be kept under continued review to maximise future opportunities for efficiency in Adult Social Care.</p>	<p>One positive impact of the COVID-19 pandemic was it enhanced joint working between the Council and the NHS and improved integration. The need for greater integration was highlighted by the production in 2021 of three White Papers including Building Back Better which set out a longer term vision for both Adult Social Care and Health services. The Council is working together with NHS colleagues to ensure that that the arrangements in place for Oldham are such that there will be no detriment to service provision and there is an efficient</p>	Amber

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
	<p>The Director of Finance considered the emerging risks arising from the transformation plans as part of the closure of accounts for 2022/23. This will be considered as part of the review of the Council's reserves/ financial resilience and on-going budget monitoring for 2023/24.</p>	<p>and effective use of resources throughout the system.</p> <p>The Section 75 Agreement setting out individual responsibilities for joint working is well established. The Council has put forward its proposal in respect of finalising the Agreement for 2023/24 and a response is awaited from the Oldham ICB.</p> <p>The financial resilience of the Council was considered during the closure of accounts for 2022/23 and the position is being monitoring during 2023/24. Financial resilience will be a key aspect of the 2023/24 accounts closure process.</p>	
<p>The present contractual arrangements with a number of key suppliers linked into the administration of Framework contracts needs to be reviewed and better detailed within Contract Procedure Rules. This would enable transformation savings required as per the agreed programme to be maximised.</p>	<p>A group of key officers led by the Director of Finance meets as and when required throughout 2023/24 to review the present Framework documentation in place for contracted suppliers. This will ensure that appropriate revisions are made to ensure future improvements are made.</p> <p>Should the Director of Finance require it, a report will be prepared by the Service Area to be presented to the Audit Committee outlining plans to contract and commission</p>	<p>The proposed revisions to Council Contract Procedure Rules as agreed by the Audit Committee in July 2023 were agreed by Full Council on 6 September 2023.</p> <p>A detailed guidance note has been prepared jointly by the Directors of Finance/ Legal Services to support officers in implementing the revised procedures for future direct awards via Frameworks.</p>	Amber

SIGNIFICANT GOVERNANCE ISSUES AND RISKS IDENTIFIED IN THE 2022/23 AGS			APPENDIX 1
2022/23 Issues/ Risks	Planned Management Action to Reduce Risk as per 2022/23 Draft Annual Governance Statement	Progress to Reduce Risks as at 31 October 2023	Current RAG rating
	future services including the administration of Frameworks.	As advised above, a report was approved by the Place, Economic Growth and Environment Scrutiny Board of 31 August 2023 outlining the Assurance Framework specified by DLUHC in the delivery of Future High Streets Fund, Town Deals Fund and Levelling Up Fund programmes. The report was also considered by the Audit Committee on 5 September 2023. Action that has been agreed to ensure compliance with the Framework requirements will include the preparation of regular reports. The first report will be in March 2024 and will include details of procurement plans.	
There are outstanding legal matters linked into on-going action against other Local Authorities which have the potential to impact on past custom and practice within the Authority which could have a significant future financial impact.	<p>Key cases will be subject to regular review by Statutory Officers within the Council to assess the risk of an adverse financial impact.</p> <p>Regular reports which monitor the risk to the Council of issues highlighted in the Annual Governance Statement will be presented to the Audit Committee. The reports will advise of developments and any action taken or required.</p>	<p>The regular monitoring of these areas is being undertaken by the Services. The risk of an adverse impact materialising (as recently evidenced by events at Birmingham City Council linked into Equal Pay) cannot be discounted before the end of the financial year 2023/24.</p> <p>The inclusion of this issue within the AGS acknowledges there is a risk that should a Local Authority lose a case in the future, it could cause a significant financial liability for Oldham Council.</p>	Red

NEW ISSUES FOR CONSIDERATION IN A FUTURE ANNUAL GOVERNANCE STATEMENT

APPENDIX 2

2023/24 New Issue for Consideration	Proposed Management Action to reduce the risk of the issue being included in the 2023/24 Draft Annual Governance Statement	Current RAG rating
<p>The Council suffers the failure of key suppliers in a key sector it is reliant upon to provide essential services.</p>	<p>The Council at its Cabinet meeting on 17 July 2023 agreed to facilitate the acquisition of the assets of Chadderton Total Care (a Care Home in administration) and set up a Council Company Oldham Total Care Ltd., to manage the business. As such the setting up of a Company which is fully owned has changed the Council's risk profile in respect of its overall portfolio of partnerships. The Council has provided a loan to its 100% owned company to enable the purchase to progress. The Council's risk profile on its 100% owned companies will change as a result of this.</p> <p>Any instances of key supplier failure will be looked at on a one to one basis with the agreed way forward considered by the Council to balance its requirement to provide statutory services in the cost envelope it has available. The occurrence of such key failure outside the control of the Council has the potential to place further pressure on the future financial resilience of the Council should there be further failures.</p>	<p>Amber</p>

<p>The Council in responding to a formal request for information inadvertently releases sensitive data which results in a significant fine from the Information Commissioners Office and a high volume of claims from the individuals whose data is released.</p>	<p>Team Briefs issued to all staff included communication highlighting the risks of releasing information to the public without undertaking appropriate checks. This message will continue to be communicated to staff on a regular basis. This information will also be communicated to Members at the Information Management training to be held before the end of 2023.</p>	<p>Amber</p>
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Report to Audit Committee

Proposed Audit Committee Work Programme for 2023/24

Portfolio Holder: Councillor Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources

Officer Contact: Anne Ryans, Director of Finance

Report Author: John Miller, Head of Internal Audit and Counter Fraud

31 October 2023

Purpose of Report

Attached to this report is the proposed Audit Committee Work Programme for the remainder of 2023/24.

Executive Summary

The proposed Audit Committee Work Programme for 2023/24 is subject to regular review by the Committee. Attached is the suggested programme of work for the remainder of the municipal year.

The report will be presented by the Head of Internal Audit and Counter Fraud.

Recommendations

That Members of the Audit Committee endorse the proposed Audit Committee Work Programme for the remainder of 2023/24.

Updated Audit Committee Work Programme for the 2023/24 Municipal Year

Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
Thursday 8 June 2023 at 6.00 pm	Audit Committee Chair – Charged with Governance, Management Processes and Arrangements.	The draft response of the Audit Committee Chair to provide key assurances to support the Audit Process which are then discussed by the Committee.
	Director of Finance – Charged with Governance, Management Processes and Arrangements.	The draft response of the Director of Finance to provide key assurances to support the Audit Process which are then discussed by the Committee.
	Update on Key Developments within the remit of the Committee.	This report provides an update on matters pertinent to this Committee including an update on the final accounts, developments linked into the future oversight of local audit and planned training for the Committee.
Page 90	Local Code of Corporate Governance	This is an update to the previously agreed Local Code of Corporate Governance.
	Internal Audit and Counter Fraud Progress Report on 2022/23	An update report on the progress made by the Internal Audit Service.
	Proposed Audit Committee Work Programme for 2023/24	This report detailing the proposed work programme for 2023/24 including actions required to support the approval of the Statement of Final Accounts which are not yet closed.
	Private Report; Partnership Risk Dashboard	This is the regular report produced for the Committee to assess the ongoing risk to the Council from its key partnerships.
	Private Report, Senior Information Risk Owner Update	An update report by the Senior Information Risk Owner of key developments in Information Governance impacting on Oldham Council.

Updated Audit Committee Work Programme for the 2023/24 Municipal Year

Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
Tuesday 27 June 2023 at 6.00 pm	Update on External Audit Matters	An update if required, on national developments linked into the on-going developments and consultations on the provision of external audit to Local Government Bodies.
	2022/23 Annual Report to Audit Committee	This is the Annual Report of the Chief Internal Auditor on the overall Internal Control Environment of the Council for the financial year 2022/23.
	Draft 2022/23 Annual Statement of Accounts	This is the report to the Audit Committee on the draft Statement of Accounts which also details the outturn for the financial year 2022/23.
	Draft Annual Governance Statement for 2022/23	The detailed review of the Draft Annual Governance Statement by the Audit Committee in advance of the Statement of Final Accounts.
Page 91	Reserves Policy for 2022/23 to 2023/24	This is the annual update to the Reserves Policy considering the provisional out-turn for the financial year 2022/23.
	Treasury Management Review 2022/23	The annual review of Treasury Management for 2022/23 by the Audit Committee.
	Feedback on the Chartered Institute of Public Finance and Accountancy (CIPFA) Review of the Internal Audit Service	This is the feedback to the Committee of the review undertaken of the Internal Audit Service and whether its working practices comply with International Auditing Standards.
	Private Report; Update on the Corporate Risk Register	A report on the Corporate Risk Register as at 31 March 2023.
Thursday 20 July 2023, 6.00pm.	Audit Strategy Memorandum	This report sets out the proposed approach from the External Auditor to audit the 2022/23 Statement of Final Accounts.
	Internal Control Matters for Adult Social Care	This is the report to Committee on Internal Control Matters within the Adult Social Care Service.

Updated Audit Committee Work Programme for the 2023/24 Municipal Year

Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
	Update on General Matters	A report detailing the feedback from Best Value Inspectors at failing Authorities, a key report produced by the Public Accounts Committee, the requirement placed on the Accountable Officer for key capital grant programmes and the creation of the Office for Local Government.
	Self-Assessment of the work undertaken by the Audit Committee during 2022/23 compared to the Constitution.	The first stage in the production of an Annual Report which is a requirement of recently issued guidance on best practice for Audit Committees is to undertake an assessment of how the responsibilities set out in the Terms of Reference have been discharged.
	Proposed Revisions to Finance Procedure Rules	This report sets out some proposed revisions to the Finance Procedure Rules which are to be recommended to Council.
Page 92	Amendments to Contract Procedure Rules and Proposed Future Revisions.	This report sets out the changes to the Contract Procedure Rules as reported to Council on 12 July 2023 and some further revisions proposed by the Director of Finance.
	Internal Audit Progress Report	A report on the progress made against the agreed Internal Audit Plan.
	Proposed Audit Committee Work Programme for the Municipal Year 2023/24	A report detailing the proposed work programme for 2023/24 including actions required to support the approval of the Statement of Final Accounts which are not yet closed.
	Private Report; Update on the Risk Management Strategy and Framework and the Corporate Risk Register for 2023/24	A report on the Risk Management Strategy and Framework and the Corporate Risk Register as at 30 June 2023.
	Private Report; Update on the Annual Governance Statement for 2022/23 and new issues for 2023/24	This updates the Audit Committee on key matters included within the Annual Governance Statement and ad hoc matters the Assistant Director of Corporate Governance and Strategic Financial Management highlights to the Audit Committee.

Updated Audit Committee Work Programme for the 2023/24 Municipal Year

Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
Tuesday 5 September 2023, 6.00 pm	Update on External Audit Matters	An update produced by the External Auditor of issues to be brought to the attention of this Committee.
	Revenue Monitor and Capital Investment Programme 2023/24 Quarter 1 – June 2023	As requested by the Audit Committee reports detailing the in-year financial position including the projected outturn as also reported to Cabinet and the Scrutiny Board.
	Treasury Management Update Quarter 1 Monitoring Report	A new requirement for the financial year 2023/24 is for a Treasury Management update report to be produced on a quarterly basis. As the role of the Committee is to scrutinise treasury management arrangements and then make recommendations to Cabinet, then this report is on the agenda to facilitate consideration by Cabinet in September.
Page 93	Compliance with the CIPFA Code of Financial Management	This report details the assessment within Oldham Council on how it complies with the CIPFA Code of Financial Management with appropriate recommendations for improvement.
	Oldham Council Loans Policy and amendment to the Terms of Reference for the Audit Committee	This report is to inform the Audit Committee of the proposed Loans Policy to be adopted by the Council. It is also proposed to recommend a small change to the Audit Committees Terms of Reference.
	The draft Annual Report of the Audit Committee	This report is in line with the best practice issued by CIPFA in respect of operating an Audit Committee.
	Update on General Matters	This will update the Committee on current matters of interest.
	Future Oversight of Council Companies and Partnerships	This report sets out a proposed process for the Audit Committee to review key Council Companies and Partnerships during 2023/24.

Updated Audit Committee Work Programme for the 2023/24 Municipal Year

Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
	Proposed Audit Committee Work Programme for 2023/24	This report detailing the proposed work programme for 2023/24 including actions required to support the approval of the 2023/24 Statement of Accounts.
	Private Report; Update on the Annual Governance Statement for 2022/23 and new issues for 2023/24	This updates the Audit Committee on key matters included within the Annual Governance Statement and ad hoc matters the Assistant Director of Corporate Governance and Strategic Financial Management highlights to the Audit Committee.
Tuesday 31 October 2023, 6.00pm	External Audit Progress Report	An update produced by the External Auditor of issues to be brought to the attention of this Committee.
Page 94	Revised 2021/22 Audit Completion Report (Not available)	This report details the revised Audit Completion report on completion of the audit.
	2022/23 Statement of Final Accounts (Not available)	This report provides an update on the 2022/23 draft Statement of Accounts and associated issues arising from the external audit.
	Update on General Matters	This is an update on regulatory developments to inform the Audit Committee in support of its Governance role.
	External Audit of Teachers' Pensions Agency Return 2022/23	This report considers the feedback following the external audit of the Teachers' Pension Agency return.
	Treasury Management Mid-Year Review 2023/24	The planned scrutiny of the 2023/24 Treasury Management Mid-Year review before submission to Cabinet in November.
	Internal Audit Progress Report 2023/24	This is the routine report on the progress made against the agreed audit and counter fraud plan detailing any control weaknesses identified.
	Update on the Annual Governance Statement for 2022/23 and new issues for 2023/24	This updates the Audit Committee on key matters included within the Annual Governance Statement and ad hoc matters to be highlighted to the Audit Committee.

Updated Audit Committee Work Programme for the 2023/24 Municipal Year

Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
	Updated Audit Committee Work Programme for 2023/24	This report detailing the proposed work programme for 2023/24 including actions required to support the approval of the 2023/24 Statement of Final Accounts.
	Private Report; Update on the Corporate Risk Register	This sets out the position as of 30 September 2023 in relation to matters included on the Corporate Risk Register.
	Private Report; Senior Information Risk Owner update	This updates the Audit Committee on the key matters relating to data protection and information security breaches
Monday 15 January 2024, 6.00 pm	External Audit Progress Report	An update produced by the External Auditor of issues to be brought to the attention of the Committee.
Page 95	Revised 2021/22 Audit Completion Report	This report details the revised Audit Completion report on completion of the audit.
	2022/23 Statement of Final Accounts	This report provides an update on the 2022/23 draft Statement of Accounts and associated issues arising from the external audit.
	Revenue Monitor and Capital Investment Programme 2023/24 Quarter 2 – September 2023	The second formal report on the expected financial outturn for the financial year 2023/24.
	Treasury Management Strategy Statement 2023/24	This report sets out the proposed Treasury Management Strategy for 2024/25 to support the Corporate Objectives of the Council.
	Internal Control Matters; Payroll	This is the report to Committee on Internal Control Matters within the administration of payroll.
	Internal Control Matters: Adult Social Care	This is the report to Committee on Internal Control Matters within the Adult Social Care Service – a follow up to the report presented to the Committee on 20 July 2023.

Updated Audit Committee Work Programme for the 2023/24 Municipal Year

Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
	Audit and Counter Fraud Progress Report including significant issues highlighted on internal control	This is the routine report on the progress made against the agreed Audit and Counter Fraud plan detailing any control weaknesses identified.
	Update on the Annual Governance Statement for 2022/23 and new issues	This updates the Audit Committee on key matters included within the Annual Governance Statement, the Corporate Risk Register and ad hoc matters to be highlighted to the Audit Committee.
	Proposed Audit Committee Work Programme for the remainder of 2023/24 and the 2024/25 financial year	This report detailing the proposed work programme for the remainder of 2023/24 including actions required to support the approval of the 2023/24 Statement of Accounts.
Page 96	Private Report; Review of Council Owned Companies and Partnerships	This is the outcome of the review of the Councils working arrangements with Council owned companies and partnerships compared to best practice.
	Private Report; Update on the Corporate Risk Register	This sets out the position as of 31 December 2023 in relation to matters included on the Corporate Risk Register.
Tuesday 6 March 2023 6 pm	Self-Assessment Workshop	To facilitate the completion of the Audit Committee Self-Assessment in accordance with best practice.
Tuesday 26 March 2024, 6.00pm	2022/23 Annual Statement of Accounts – Update (if required)	Update on the progress of the audit of the 2022/23 accounts and related matters.
	2023/24 Final Accounts – Proposed Accounting Policies and Critical Judgements	In line with best practice, approval is sought for the significant accounting policies and critical judgements to be adopted in preparation for the completion of the 2023/24 Statement of Accounts.
	Housing Benefit Subsidy Audit 2022/23	This report considers the feedback on the external audit of the Housing Benefit Subsidy Grant claim.

Updated Audit Committee Work Programme for the 2023/24 Municipal Year

Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
	Revenue Monitor and Capital Investment Programme 2023/24 Quarter 3 – December 2023	The final formal report on the expected outturn for the financial year 2023/24.
	Internal Audit Charter 2024/25	An updated Internal Audit Charter for the financial year 2024/25.
	Update on General Matters	This is an update on regulatory developments to inform the Audit Committee in support of its Governance role.
	Report on the use of exemptions to Contract Procedure Rules and direct award of contracts during the financial year 2023/24	Reporting on these issues was requested by the Audit Committee when it considered the revisions to the Contract Procedure Rules and Financial Procedure Rules at its meeting on 20 July 2023
Page 97	Treasury Management Update Quarter 3	A new requirement for the financial year 2023/24 is for a Treasury Management update report to be produced at Quarter 3.
	Update on the Annual Governance Statement for 2022/23 and new issues	This updates the Audit Committee on key matters included within the Annual Governance Statement, the Corporate Risk Register and ad hoc matters to be highlighted to the Audit Committee.
	Audit Committee Work Programme for 2023/24 and a proposed programme for the future financial year – 2024/25	A report detailing the 2023/24 work programme and proposed work programme for 2024/25 including actions required to support the approval of the Statement of Accounts.
	Private Report; 2024/25 Internal Audit and Counter Fraud Plan	The proposed plan of work for the financial year 2024/25 to enable review by the Committee.
	Private Report; Update on the Corporate Risk Register	An update on the Corporate Risk Register as of 31 December 2023 to include issues during the period to March 2024.

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