

AUDIT COMMITTEE
26/03/2024 at 6.00 pm

Present: Grenville Page (Chair) and Councillors, Arnott, Al-Hamdani,
and Birch,

Also in Attendance:

John Miller (Head of Audit and Counter Fraud)

Sarah Johnston (Director of Finance)

Yogita Das-Patel (Mazars LLP- External Auditors)

James Postle (Finance Manager)

Victoria Gallacher (Head of Insurance and Information
Governance)

Durga Paul (Constitutional Services)

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Akhtar,
Hince and Sykes.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions for the meeting to consider.

5 **MINUTES OF PREVIOUS MEETING**

RESOLVED

That the Minutes of the meeting held 15th January 2024 are
approved as a correct record.

7 **2022/23 ANNUAL STATEMENT OF ACCOUNTS - UPDATE**

External auditors and Officers reported on the Annual Statement
of Accounts – Update alongside Agenda item 15-Draft Annual
Audit Report and Draft Follow Up Letter.

In line with good practice and in accordance with the final
accounts processes and procedures adopted in Oldham, the
presentation of the draft Statement of Accounts provides Audit
Committee Members with the opportunity to review the Council's
year end financial position before they are required to formally
approve the accounts later in the year. Members of the Audit
Committee approved the draft Statement of Accounts for
2022/23 at its meeting on 27 June 2023.

At the Audit Committee meeting on 31 October 2023, the
external auditors Mazars LLP presented and asked the
Members to consider the draft Audit Completion Report (ACR).
However, there were two outstanding elements of the audit yet
to be completed. Firstly, the External Auditors required the
Council to update the Statement of Accounts having received
the revised Pension Valuations information from the Council's
actuary and secondly, before Mazars can finalise the audit of the

Council's pension fund liability they must have assurance with regard to the audit of the Greater Manchester Pension Fund (GMPF).

Both of these outstanding elements have been resolved and officers reported on the revised Pension valuation information and Council's Pension fund liability. The revised valuation reports saw a significant move upwards of the Council Pension asset moving from £4.908m to £70.217m. Members questioned the significant increase in the valuation and officers explained that the valuation is a hypothetical figure which fluctuates from one day to the next.

NOTE: Members queried the figures provided in the tables throughout the report and Officers confirmed that the numbers relate to millions and not thousands. The '000' from the end of each figure in the table has been omitted for simplicity from page 44 of the report onwards.

In terms of ongoing work the External Auditors noted that they are experiencing backlog issues but intend to start the 2023/24 accounts in July.

RESOLVED

1. That the Audit Committee note the changes to the Statement of Accounts 2022/23.
2. That the Council's 2022/23 Statement of Accounts is approved by the Chair of the Audit Committee after consultation with the Director of Finance and on receipt of advice from the External Auditor
3. That the Audit Committee note the Management Letter of Representation

7

2023/24 FINAL ACCOUNTS - PROPOSED ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

Members of the Audit Committee received a report on the Council's proposed accounting policies and critical judgements to be adopted in completing the 2023/24 Statement of Accounts.

The Council's accounting policies are the specific principles, conventions, rules and practices that are applied in the production and presentation of the annual Statement of Accounts. These policies have to be disclosed as a note to the annual accounts. There have been no material changes from the amended policies used to prepare the 2022/23 Statement of Accounts. Minor amendments have been made to remove references that were specific to prior financial years and the policy on Employment Benefits has been altered to reflect the change in 2022/23 from an overall pension liability to a pension asset position.

In line with International Financial Reporting Standards (IFRS) and the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), the Council is required to disclose those judgements that management have made in the

process of applying the Council's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Critical Judgements include, which schools' property, plant and equipment and PFI information should be included on the Council's balance sheet, which entities fall within the Council's group boundary and which organisations should be included within the Council's group accounts, how properties should be classified as investment property and the basis of valuation of some of the Council's shareholdings. The Critical Judgements note has been reviewed for 2023/24 and has resulted in the removal of the judgement related to the Upfront Pension Payment as this arrangement concluded in the 2022/23 financial year. There have been no further significant changes compared to the 2022/23 Critical Judgements note.

Members of the Committee suggested introducing tracked changes to the report to highlight changes to the Committee. The Officers noted the suggestions.

RESOLVED

1. That the Audit Committee approved the Council's proposed accounting policies be adopted in completing the 2023/24 Statement of Accounts
2. That the Critical judgements made by management when producing the Statement of Accounts have been noted by the Audit Committee

8

TREASURY MANAGEMENT UPDATE QUARTER 3

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

Officers provided a summary document to members of the Committee setting out 9 key items to consider.

1. Compliance with Statutory and CIPFA Requirements
2. The Council's expenditure and Financing up to quarter three of 2023/24
3. The Council's Overall Borrowing need
4. Treasury Position at 31st December 2023
5. Borrowing Position
6. Investment Portfolio
7. Authorised Limit and Operational Boundary
8. Liability Benchmark
9. Other issues

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

Members queried how the authorised limit was set. Officers explained that the authorised limit was a legal requirement and was set based on the maximum viable borrowing for an authority. It is set internally and is put before the Audit Committee and Council and is subject to scrutiny from external auditors.

RESOLVED

That the Audit Committee note the Treasury Management Report and endorse it going to cabinet for approval.

9

HOUSING BENEFIT SUBSIDY AUDIT 2022/23

The Committee heard that in accordance with the DWP's Housing Benefits Assurance Process, the Council is required to have an annual review of its Housing Benefit Subsidy claim. This was carried out by external auditors KPMG LLP. Overall, the report is reasonably positive but highlights some issues which have been reviewed in preparation for the 2023/24 audit process.

RESOLVED

That the Housing Benefit Subsidy Audit 2022/23 is noted by the Audit Committee.

10

INTERNAL AUDIT CHARTER 2024/25

Officers reported on the Internal Audit Charter 2024/25. The Accounts and Audit (England) Regulations 2015 require every Local Authority to undertake an effective system of Internal Audit to evaluate the effectiveness of the Authority's risk management, control and governance processes. This should be carried out with regard to public sector Internal Audit standards and guidance. Local Authority Internal Audit functions should comply with the Public Sector Internal Audit Standards (PSIAS).

The Standards require an independent external assessment of the Council's Internal Audit service every five years and as part of his annual review during 2023/2024, the Head of Audit and Counter Fraud, has reviewed the Internal Audit Charter to ensure it is in line with the latest guidance.

Officers noted that recommendations from PSIAS have been implemented, and there were no fundamental changes made to the Charter.

RESOLVED

That the Internal Audit Charter 2024/25 is approved by the Audit Committee.

11

ANTI-FRAUD AND CORRUPTION AND COUNTER FRAUD RESPONSE POLICIES

The Audit Committee received a report on the updated Counter Fraud and Corruption Policies and associated planning documents. These documents support the provision of an

appropriate Counter Fraud service to minimise fraud risks and guide the investigation of potential fraud and corruption.

The Audit and Counter Fraud Team is responsible for investigating potential fraud, for identifying potential fraud risks and conducting proactive fraud reviews, and for delivering training and awareness to colleagues. In addition, the team maintains the relevant policies and procedures, which are reviewed and updated routinely.

The Audit Committee were provided with the proposed revised policies and planning documentation to approve which included; The Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan, The Council Tax and Council Tax Reduction Scheme Sanction Policy, The Covid Business Grants Prosecution Policy, The Anti-Money Laundering Policy, The CIPFA Fighting Fraud, The Corruption Locally Checklist and The Fraud and Loss Risk Assessment.

RESOLVED

That the Counter Fraud and Corruption Policies and Procedures are approved by the Audit Committee.

12

2024/25 INTERNAL AUDIT AND COUNTER FRAUD PLAN

The Audit Committee received a report of the Internal Audit and Counter Fraud Plan. They heard a summary of the work planned to be carried out by the team from 1 April 2024 to 31 March 2025. The plan has been compiled based on insight and information from a number of sources including the Council's: Annual Audit Needs Assessment, Corporate Plan, Strategic Corporate and Service Risk Registers, Fraud and Loss Risk Assessment Information and intelligence from senior officers, including the S151 Officer, has also been utilised in compiling the audit plan for the year ahead.

The plan covers broad areas of risk across Council Directorates and Activities as at the date of compilation. It sets out the audit reviews and other work the Audit and Counter Fraud Service intend to cover during the year. The plan will be flexed and amended through the course of the year to accommodate changes to the Council's risk profile and emerging needs whilst maintaining sufficient coverage to support the Annual Audit Report and Opinion.

RESOLVED

That the 2024/25 Internal Audit and Counter Fraud Plan is approved by the Audit Committee.

13

THE FINANCIAL REPORTING COUNCIL (FRC) 2023 REPORT ON LOCAL AUDIT

Officers noted delays with the FRC Report for 2024 due to backlogs but provided a summary of the 2023 report on which positive feedback was received.

RESOLVED

That the Financial Reporting Council (FRC) 2023 was noted by the Audit Committee.

14 **UPDATED AUDIT COMMITTEE WORK PROGRAMME FOR THE 2023/24 AND 2024/25 MUNICIPAL YEAR**

The Audit Committee considered its Work Programme for 2023/24 and 2024/25.

Members were invited to make suggestions of other items to add to the work programme for 2024/25.

RESOLVED

That the Audit Committee noted the Work Programme for the remainder of 2023/24 and for 2024/25

15 **DRAFT ANNUAL AUDIT REPORT AND DRAFT FOLLOW UP LETTER**

This item was discussed and resolved at Agenda Item 6.

16 **EXCLUSION OF THE 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.

17 **SENIOR INFORMATION RISK OWNER UPDATE**

Officers provided the Committee with an update at month nine of the Senior Information Risk Owner to the Audit Committee highlighting Information Security Incidents and related matters which have occurred from 1 April 2023 to 31 December 2023

RESOLVED

That the Senior Information Risk Owner Update is noted by the Audit Committee.

The meeting started at 6.02pm and ended at 7.33pm.