

**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 capital 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)
<b>Net Borrowing</b>	<b>90,216</b>	<b>80,516</b>
Borrowing CFR (year-end position)	261,384	299,337
<b>Under Borrowed Position</b>	<b>100,388</b>	<b>113,341</b>

### 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 to fund 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.