

AUDIT COMMITTEE
27/06/2024 at 6.00 pm



Present:

Independent Members: Grenville Page (Chair)
Councillors Al-Hamdani, Arnott, Aslam, Rustidge and Wilkinson

Also in Attendance:

Sarah Johnston	Oldham MBC
John Miller	Head of Audit and Counter Fraud
Victoria Gallacher	Head of Insurance and Information Governance
James Postle	Finance Manager
Yogita Das-Patel	Mazars LLP -External Auditors
Andrew Mather	Constitutional Services

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Davis, Hince and S. Hussain.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

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

5 **MINUTES OF PREVIOUS MEETING**

Resolved:

That the Minutes of the meeting of the Audit Committee, held on 26th March 2024, be approved as a correct record.

6 **EXTERNAL AUDITOR UPDATE**

The Committee received a verbal report by the Council's external auditors, Mazars LLP, which provided members with an update on the progress in delivering their responsibilities as the authority's external auditors.

Committee was informed that the 2022/23 Audit had been completed on schedule which was in contrast to the national position where there was a significant backlog in the completion of audits. The Government had asked external auditors to prioritise the completion of outstanding audits for other authorities and this would possibly delay the start of Oldham's 2023/24 external audit until September 2024.

Members stressed the value of completing audits on schedule and that any slippage in audit preparation should be flagged up to the Audit Committee. The Director of Finance assured the Committee that a great deal of emphasis was put on completing the audit on time.



Resolved:
That the report be noted.

7 **LOCAL CODE OF CORPORATE GOVERNANCE**

The Committee considered a report of the Head of Audit and Counter Fraud, which presented a refreshed Local Code of Corporate Governance, which covered the authority.

The Committee was informed that the Council was required to produce a Local Code of Corporate Governance, which would be subject to review every two years at a minimum or when there have been changes to Governance Standards. Oldham Council's Local Code of Corporate Governance was last reviewed and presented to the Audit Committee on 8th June 2023. Oldham Council's refreshed Local Code of Corporate Governance was attached as an appendix to the report.

The Code reflected the seven principles of the Governance Framework, which were introduced in 2016/17.

The Director of Finance reviewed the Code on a regular basis whilst also monitoring the progress made by the Authority in complying with its policies and procedures to ensure best practice.

Resolved:
That the Committee approves the refreshed Local Code of Corporate Governance for Oldham Council.

8 **INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT Q4 2023/24**

The Committee received a report of the Head of Audit and Counter Fraud which provided Members with a high level progress report on the work of the Internal Audit and Counter Fraud team for Quarter 4 (Q4) of the 2023/2024 financial year. The Q4 report together with previous reports for Q1-Q3; the Head of Audit and Counter Fraud's Annual report and Opinion for year 2023/24; and Joint reports to the Audit Committee on actions to address agreed service areas: assists the Audit Committee in discharging its responsibilities as set out in the Council's constitution.

During the year the team had commenced the Council's Fundamental Financial Systems (FFS) reviews to provide assurance in respect of the 2023/24 Financial Statements, and the Annual Opinion Report of the Head of Audit and Counter Fraud for 2023/24. These reports were issued in Q1 2024/25.

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 of Energy Management, the Music Service, Miocare and Fleet Management, and a follow-up review of St Joseph's Primary School.
- Ongoing work in connection with the Council's Fundamental Financial Systems to be reported in Q1 of 2024/25.
- Corporate Counter Fraud activities have identified £297,720 of fraud, errors and overpayments. The Direct Payments Audit Team (Adults and Children) have continued to deliver significant recovery outcomes which have generated £3,148,266 and £194,236 (respectively) for the period 1 April 2023 to 31 March 2024.

Members commented that in relation to the balance between areas which were categorised as 'Good', 'Adequate' or 'Weak' some comparison with other authorities could be useful. The Head of Audit and Counter Fraud would look into the possibility of providing comparative information.

Resolved:

That the 2023/24 Q4 Audit and Counter Fraud Progress Report be noted.

9

2023/24 ANNUAL AUDIT AND OPINION REPORT TO AUDIT COMMITTEE

The Committee received a report of the Head of Audit and Counter Fraud which provided Members with the Annual Report for 2023/24 and reported back on the matters required by International Auditing Standards, and the 2013 UK Public Sector Internal Audit Standards (Revised 2016 & 2017).

The report summarised the work of Internal Audit and Counter Fraud Team carried out for the financial year 2023/24 which informs the Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2024.

The Annual Report for 2023/24 contained the following sections :

Appendix 1: Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2024, to assist the Committee's review of the 2023/24 Annual Governance Statement (AGS) and to assist with the review of the Statement of Accounts.

Appendix 2: Counter Fraud and Direct Payments Teams comparative data 2020/21 to 2023/24.

Members requested that given continuing weaknesses in the performance of the Adult Social Care service and the Payroll service that these services be asked to give a progress report to a future meeting. Consideration should also be given to what support is being provided by the Council's top management to support improvements in performance.

The Chair also commented that it was considered good practice for the Chief Executive to attend an Audit Committee at least once per year. Members agreed that the Chief Executive should be invited to attend, possibly when the External Auditors report on the Accounts is presented.

Resolved:

1. That the Annual Report presented by the Head of Internal Audit and Counter Fraud and the continued developments in overall internal control and financial administration across the Council be noted.
2. The Adult Social Care service and Payroll service be asked to give a progress report to the November committee meeting.
3. The Chief Executive to be invited to attend a future meeting during the municipal year.

10

TREASURY MANAGEMENT REVIEW

The Director of Finance and Senior Finance Manager submitted a report advising the Audit Committee of the performance of the Treasury Management function of the Council for 2023/24 and provided a comparison of performance against the 2023/24 Treasury Management Strategy and Prudential Indicators.

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). The outturn report provided an update and included the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators. The report set out the key Treasury Management issues for Members' information and reviews and outlines:

- An economic update for 2023/24;
- An update of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for 2023/24;

- Treasury Management Prudential Indicators;

The report was presented to the Audit Committee to enable it to have the opportunity to review and scrutinise the outturn Treasury Management report prior to its presentation to Cabinet and Council.



Resolved:

1. The Audit Committee approves the 2023/24 prudential and treasury indicators presented in this report
2. The Audit Committee approves the annual Treasury Management Review report for 2023/24
3. The Audit Committee commends the report to Cabinet.

11 **DRAFT 2023/24 ANNUAL STATEMENT OF ACCOUNTS**

The Senior Finance Manager gave a presentation on the draft Statement of Accounts for 2023/24 which were published on the Council's website on 7th June 2024 along with the Notice of Public Inspection.

Members requested that a copy of the presentation be circulated to the Committee members.

Members were invited to submit any questions they might have on the statement of accounts by e-mail to the Senior Finance Manager within 14 days of this meeting. A summary of the questions and responses would be circulated to Committee members.

Resolved:

That the presentation and Statement of Accounts for 2023/24 be noted.

12 **SELF-ASSESSMENT OF THE WORK UNDERTAKEN BY THE AUDIT COMMITTEE DURING 2023/24, AND ANNUAL REPORT TO COUNCIL**

The Head of Audit and Counter Fraud submitted the Annual Report of the Audit Committee for members consideration.

It is considered good practice, under CIPFA guidance, for the Audit Committee to submit an annual report to full Council. The report which was attached at Appendix 1 detailed the annual report which it was proposed to present to a future meeting of full Council.

The Chairman requested that details of the membership of the Audit Committee and attendance by members be added as an appendix to the report.

Members asked what progress was being made in recruiting additional independent members to the Committee. CIPFA guidance was that Audit Committees should have at least two independent members. The Head of Audit and Counter Fraud

reported that a further advertisement seeking independent members would be going out in the next few weeks.

Resolved:

That subject to the inclusion of the additional information requested above the Annual Report be endorsed for submission to a future meeting of the Council.



13 **PROPOSED AUDIT COMMITTEE WORK PROGRAMME FOR 2024**

The Head of Audit and Counter Fraud submitted a report setting out the Audit Committees proposed work programme for 2024/25.

Resolved:

That the 2024/25 work programme set out in the report be approved.

14 **EXCLUSION OF THE PRESS AND PUBLIC**

Resolved:

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

15 **UPDATE ON THE CORPORATE RISK REGISTER**

The Head of Insurance and Information Management submitted a report updating Members of the Audit Committee on the Corporate Risk Register as at the end of March 2024. As the Committee charged with governance it is part of the role of the Audit Committee to scrutinise the Corporate Risk Register.

The Council has an agreed Risk Management Strategy and Framework which was refreshed for 2023/24 and considered and approved by the Audit Committee at its meeting on 20 July 2023. Most risks were linked to the business planning process and refreshed quarterly by services.

Members agreed that it would be useful for the Audit Committee to conduct a 'deep dive' into a high scoring risk in order to examine the risk in greater detail. The issue of equal pay was suggested as a possible area for a deep dive.

Resolved:

That the Corporate Risk Register at 31 March 2024 be noted.

The meeting started at 6.00 pm and ended at 7.30 pm