

***AUDIT COMMITTEE  
Regulatory Committee  
Agenda***

Date Thursday 8 June 2023

Time 6.00 pm

Venue Crompton Suite, Civic Centre, Oldham, West Street, Oldham, OL1 1NL

Notes 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.

2. CONTACT OFFICER for this agenda is Tel. 0161 770 5151 or email [peter.thompson@oldham.gov.uk](mailto:peter.thompson@oldham.gov.uk)

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, Monday, 5 June 2023.

MEMBERSHIP OF THE AUDIT COMMITTEE  
Councillors Akhtar, Al-Hamdani, S. Bashforth, Birch, Davis, Ghafoor, Salamat, Sykes and Woodvine  
Independent Members: Grenville Page

Item No	
7	Audit Committee Chair - Charged with Governance Management Process and Arrangements (Pages 1 - 14)
8	Director of Finance - Charged with Governance Management Process and Arrangements (Pages 15 - 28)
10	Local Code of Corporate Governance (Pages 29 - 42)
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15	Senior Information Responsible Officer (Pages 69 - 74)

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## Report to Audit Committee

# Audit Committee Chair - Charged with Governance - Management Processes and Arrangements

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

**Officer Contact:** Anne Ryans, Director of Finance

**Report Author:** Mark Stenson, Assistant Director of Corporate Governance and Strategic Financial Management

**Ext.** 4783

**8 June 2023**

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## Reason for Decision

To enable the Council's External Auditors, Mazars LLP, to carry out their duties under the Local Audit and Accountability Act 2014, the Audit Committee via the Chair (for 2021/22 financial year in Oldham this was the Vice Chair) is required to provide the auditors with the necessary assurances required under International Standards on Auditing (ISA), particularly, ISA 260, Communication with Those Charged with Governance.

## Executive Summary

In carrying out their annual audit of the Council, Mazars LLP comply with the International Standards on Auditing (ISAs) as adopted by the UK Financial Reporting Council (FRC).

ISAs require the auditor to make inquiries of those charged with governance (TCWG) to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries are made in part to corroborate the responses to the inquiries of management.

Mazars LLP has sent the Chair of the Audit Committee a questionnaire setting out their inquiries of TCWG. The questionnaire and the Chair of the Audit Committee's proposed responses are set in Attachment 1. There is a requirement to respond to Mazars LLP by 30 June 2022.

**Recommendation**

That Members of the Audit Committee are asked to consider the attached response, suggest any amendments they believe are appropriate and to note the response of the Audit Chair to Mazars LLP.

Cllr N Islam  
Chair of the Audit Committee  
Oldham Metropolitan Borough Council  
Civic Centre, West Street  
Oldham  
OL1 1UT

Direct +44 (0)161 238 9333  
line:  
Email: Yogita.das-patel@mazars.co.uk  
Date: 17<sup>th</sup> April 2023

Dear Cllr Islam,

## **Audit 2022/23 - understanding those charged with governance processes and arrangements**

We are required by auditing standards to maintain a good understanding of the Authority's management processes and arrangements. This enables us to deliver an efficient audit and reduces the time the Authority's staff need to spend responding to auditors' queries. As part of this process I would be grateful if you could provide a response to the following questions on behalf of the Audit Committee:

- How do you exercise oversight of management's processes in relation to:
  - undertaking an **assessment of the risk that the financial statements may be materially misstated due to fraud or error** (including the nature, extent and frequency of these assessments);
  - identifying and responding to risks of fraud in the Authority, including any specific **risks of fraud** which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
  - **communicating to employees its view on business practice and ethical behaviour** (for example by updating, communicating and monitoring against the Authority's code of conduct); and
  - communicating to you the processes for **identifying and responding to fraud or error**.
- How do you **oversee management processes** for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2022/23? If so, please provide details.
- How do you gain assurance that **all relevant laws and regulations have been complied with**? Are you aware of any instances of non-compliance during 2022/23? If so, please provide details.

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- Are you aware of any **actual or potential litigation or claims that would affect the financial statements**? If so, please provide details.
- Have you carried out a **preliminary assessment of the going concern assumption** and if so have you identified any events which may cast significant doubt on the Authority's ability to continue as a going concern? If so, please provide details.

In addition to the above, which cover the Authority's processes and controls, **Appendix 1 includes further questions to ascertain your views on fraud**. Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work undertaken in 2022/23.

I would be grateful if you could respond by letter or email on behalf of the Audit Committee by 30 June 2023. In the meantime, please don't hesitate to contact me if you wish to discuss anything in relation to this request.

Yours sincerely

**Yogita Das-Patel**  
Audit Manager

Appendix 1

Question	Management Response
How do you exercise oversight of management's processes in relation to:	
<ul style="list-style-type: none"> <li>o undertaking an <b>assessment of the risk that the financial statements may be materially misstated due to fraud or error</b> (including the nature, extent and frequency of these assessments);</li> </ul>	<p>In my role as Chair of the Audit Committee, I can advise that the Director of Finance provides regular updates to the Audit Committee on matters relating to the production of the Statement of Accounts. The Council has in place a robust quality assurance system to review the accuracy and quality of its accounts. This includes checks to ensure the financial statements are correct and are supported by detailed records.</p> <p>This is supported by the review of fundamental financial systems (FFS), which are audited by the Internal Audit function in two stages each year. These audits include a follow up of previously agreed actions. The findings arising from the financial audits are reported to the Audit Committee on a regular basis and updates are provided against specific areas and/or systems as requested by the Audit Committee.</p> <p>The detailed audit programme, for each financial system, reflects the risk of fraud and error and the Council's External Auditors review the work completed. This review contributes to the assessment of the risk of material misstatement.</p> <p>Arrangements are in place for staff within the Finance Team to attend appropriate training courses so that they have up-to-date technical knowledge and skills.</p> <p>The Annual Report from the Head of Audit and Counter Fraud gives an opinion on the overall control environment adding to the assurance the underlying practices for processing transactions are appropriate and this includes the conclusions from the audit reviews of the financial systems.</p> <p>Audit Committee Members have received training in their role and responsibilities, including their role in reviewing the Authority's Financial Statements most recently through training provided by CIPFA on 6 and 13 January 2022, with further training planned for 4 and 11 July 2023.</p> <p>The Council, alongside a significant proportion of Authorities across the country is impacted by the delay in obtaining a final opinion on its 2021/22 accounts. At the time of providing this assurance then the risk remains that a matter relating to the financial year 2021/22 could impact on the 2022/23 accounts. The Council has published its draft accounts for 2022/23 in line with the statutory deadline but will be unable to</p>

Question	Management Response
	<p>approve the final accounts for this year until the matters impacting on previous years accounts are resolved.</p>
<ul style="list-style-type: none"> <li>○ identifying and responding to risks of fraud in the Council, including any specific <b>risks of fraud</b> which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;</li> </ul>	<p>The Audit and Counter Fraud (A&amp;CF) Team identifies and responds to the risk of fraud via the on-going review of the A&amp;CF Plan. This is an annual plan based on strategic audit needs assessment, the Fraud Response Plan and the Fraud and Loss Risk Assessment.</p> <p>This includes the risk of fraud identified by the National Audit Office (NAO) Fraud Advisory Panel, the CIPFA Fighting Fraud and Corruption Locally guidance and the Cabinet Office in their role as lead for the National Fraud Initiative (NFI).</p> <p>The Assistant Director of Corporate Governance and Strategic Financial Management ensures that the risk of fraud is highlighted to the Audit Committee in the regular updates reported against the Annual Governance Statement (AGS) and via the service updates submitted to the Audit Committee.</p>
<ul style="list-style-type: none"> <li>○ <b>communicating to employees its view on business practice and ethical behaviour</b> (for example by updating, communicating and monitoring against the Council's code of conduct); and</li> </ul>	<p>The Council's Staff Code of Conduct and its appendices set out the standards expected around a range of matters, including the "Nolan Principles Standards of Public Life", "Gifts and Hospitality", "Disclosure of Information", "Relationships", "Contractors" and "Behaviour during Tendering".</p> <p>The Council's Code of Conduct is available via the Council's Intranet and is included as part of the Council's induction training.</p> <p>The Members Code of Conduct sets out the standards expected from elected Members.</p> <p>Respective Codes of Conduct are regularly reviewed and updated as appropriate, particularly in line with national guidance.</p>
<ul style="list-style-type: none"> <li>○ communicating to you the processes for <b>identifying and responding to fraud or error</b>.</li> </ul>	<p>As Chair of the Audit Committee, I can advise that fraud risks and issues are reported by the Head of Audit and Counter Fraud in the A&amp;CF Plan, the Fraud and Loss Risk Assessment, the Fighting Fraud and Corruption Locally self-assessment checklist, and via regular specific reporting, e.g. updates against specific risks in the Council's Annual Governance Statement (AGS).</p>



Question	Management Response
	<p>A suite of updated Counter Fraud policies was presented to, reviewed and approved by the Council’s Audit Committee on 29 November 2022.</p> <p>Ad hoc matters requiring a report to the Audit Committee are also prepared by the Assistant Director of Corporate Governance and Strategic Financial Management at the appropriate time.</p> <p>The AGS identifies the risks linked into the Transparency Agenda, and the Assistant Director of Corporate Governance and Strategic Financial Management provides regular updates to the matters reported in the AGS.</p> <p>I receive and can request briefings on a one-to-one basis from the Assistant Director of Corporate Governance and Strategic Financial Management on matters as required.</p>
<ul style="list-style-type: none"> <li>How do you <b>oversee management processes</b> for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2021/22? If so, please provide details.</li> </ul>	<p>The A&amp;CF Plan as reported to the Audit Committee includes reviews of management process and controls. The conclusions and actions arising from the audits in the plan, and any ad hoc reviews, are reported to the Audit Committee regularly as part of the summary of Internal Control Matters in each Directorate/Service area.</p> <p>A&amp;CF agree recommendations with managers to improve internal control, which are routinely subject to follow-up. The 2022/23 Annual Report by the Head of Audit and Counter Fraud will set out his opinion to inform the Audit Committee.</p>
<ul style="list-style-type: none"> <li>How do you gain assurance that <b>all relevant laws and regulations have been complied with</b>? Are you aware of any instances of non-compliance during 2021/22? If so, please provide details</li> </ul>	<p>In accordance with the appropriate financial thresholds/scheme of delegation, all reports to the Council’s Committees include formal comments from appropriate statutory officers. This includes the “Risk Assessment” comments, which are provided by the Assistant Director of Corporate Governance and Strategic Financial Management.</p> <p>Internal Audit reviews whether the Council has adhered to relevant legislation and guidance as part of its on-going audit arrangements and programmes.</p> <p>No reports were subject to Call-In by the Scrutiny Committee during 2022/23.</p>

Question	Management Response
<ul style="list-style-type: none"> <li>Are you aware of any <b>actual or potential litigation or claims that would affect the financial statements</b>? If so, please provide details.</li> </ul>	<p>I am assured by the Assistant Director of Corporate Governance and Strategic Financial Management that all appropriate matters have been incorporated into the production and review of the AGS and the draft Statement of Account for the financial year 2022/23.</p> <p>As at 31 March 2023, there is no specific matter which is required to be reported upon in the accounts other than the potential restatement in relation to the valuation of the Greater Manchester Pension Fund which has two elements, a national issue and a separate local issue. The perceived risks in the financial year 2022/23 have been considered and appropriately reported to the Audit Committee.</p>
<ul style="list-style-type: none"> <li>Have you carried out a <b>preliminary assessment of the going concern assumption</b> and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern? If so, please provide details.</li> </ul>	<p>By compliance with professional standards, the Director of Finance presents a balanced budget for approval at full Council and prepares the Council's financial statements on the going concern basis. This is evidenced by the draft Statement of Accounts for the financial year 2022/23 published on the Council's website which clearly state they were prepared on a going concern basis. This confirms the ability of a business to meet its financial obligations at present when they fall due.</p> <p>Additional reports such as the Reserves Policy are submitted to this Committee to provide additional assurance on the going concern basis.</p> <p>Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement it would influence the decisions made by users of the accounts. This could be due to the value or the nature of the disclosure.</p> <p>In my role of as the Chair of the Audit Committee, I liaise closely with the Assistant Director of Corporate Governance and Strategic Financial Management, the Head of Audit and Counter Fraud and the Director of Finance and can therefore receive specific briefings on the overall financial position of the Council. I can request detailed information on any issues should I have any concerns.</p>

Question	Response
<p>1. Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2022 – 31 March 2023 (if 'yes', please provide details)?</p>	<p>No. During this period of time (excluding business grants administered by the Council), there has been no significant (i.e., greater than £10k) corporate (in-house) fraud reported to me committed by Council staff or contractors, which has required investigation.</p>
<p>2. Do you suspect fraud may be occurring within the organisation?</p>	<p>As at 31 March 2023, I am assured that all instances of suspected fraud within the organisation have been investigated.</p> <p>The Council is a complex multidisciplinary organisation so as Chair of the Audit Committee I am aware that there is a risk that Officers are unaware of some fraud occurring that they would otherwise bring to my attention.</p> <p>An added assurance that appropriate controls are in place is the opinion given in the Annual Report of the Head of Audit and Counter Fraud.</p> <p>The regular reports to the Audit Committee on progress against the Plan set out the position on any fraud uncovered.</p>
<p>3. Have you identified any specific fraud risks within the Council?</p>	<p>Fraud Risks are captured, reported and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and fraud risks are assessed for each audit review.</p>
<p>4. Are you satisfied that internal controls, including segregation of duties, exist and work effectively (if 'yes', please provide details)?</p>	<p>Yes. In all financial systems for 2022/23 Officers have provided assurance that there are agreed processes to review transactions.</p> <p>There are issues identified in the operation of some systems which have been highlighted to the Audit Committee and included in the Council's Annual Governance Statement (AGS).</p> <p>Where appropriate, extra audit testing is conducted by Internal and External Audit to provide extra assurance around known issues.</p> <p>Detailed Action Plans are in place, subject to regular follow-up to address issues included in the AGS.</p>

Question	Response
<p>5. If not where are the risk areas?</p>	<p>As above, potential risks and issues are reported in the Council's AGS and updates are reported to the Audit Committee on a regular basis. Risks are assessed annually and as part of detailed audit planning.</p> <p>The Council continues to experience significant challenges in social care. The Council continues to track the potential risks around these service areas, as this is clearly an area of management focus.</p> <p>One disappointment, as highlighted in the draft AGS, is the lack of progress made in the financial year 2022/23 to improve the control environment for Payroll.</p> <p>Large Capital Programme projects will also provide additional fraud opportunities in areas such as mandate fraud.</p> <p>An issue which has impacted on a minority of LKocal Authorities is poor partnership governance. The Council monitors its risks via the production of a Partnership Dashboard.</p>
<p>6. How do you encourage staff to report their concerns about fraud?</p>	<p>The Council's Whistleblowing Policy sets out the arrangements for staff to anonymously report potential concerns and it is included in the Council's Staff Code of Conduct. Following a risk assessment process, the A&amp;CF Team will investigate allegations discreetly, agree a course of action and agree recommendations. Where significant issues arise, External Audit will be briefed.</p>
<p>7. What concerns about fraud are staff expected to report?</p>	<p>The Whistleblowing Policy includes the reporting by employees of suspected misconduct, illegal acts or failure to act within the Council. The aim of the Policy is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.</p>
<p>8. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p>	<p>None are recorded. Contract Procedure Rules set out the procedures for procurement and this service is subject to regular review by Internal Audit. I am assured that no significant issues which will impact the financial statements have been identified in 2022/23.</p>

Question	Response
	<p>Recent events at other Local Authorities has highlighted that Council's do not always understand their financial risks when entering into partnership arrangements. It is an area that the Audit Committee will focus on by its inclusion in the future work programme.</p>
<p>9. How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>As above, the Council's Contract Procedure Rules set out the procedures for Procurement and this service is subject to review by Internal Audit. Other policies (and internal controls) to mitigate this risk include:</p> <ul style="list-style-type: none"> <li>• Members' Code of Conduct.</li> <li>• Members' Register of Interests in line with the 2011 Localism Act.</li> <li>• Member's Allowances' are disclosed in Notes to the Council's Statement of Accounts.</li> <li>• The Council operates a Standards Committee.</li> <li>• Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct.</li> <li>• Levying Bodies are subject to a separate external audit process.</li> <li>• The production of Group Accounts which are subject to external audit.</li> <li>• The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. These details are included in Note 12 to the Statement of Accounts. In support of this Senior Officers are required to declare interests in companies, organisations and entities with which the Council may interact in order to ensure transparency.</li> </ul>
<p>10. Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?</p>	<p>No, I am not aware of any entries in the accounting records of this nature. I am assured, supported by past External Audit feedback that the Finance Service applies a detailed three stage quality assurance process, which incorporates independent/ "fresh eye" review prior to submitting its draft Accounts for publication and review by the External Auditor.</p>

Question	Response
<p>11. Are there particular balances in the accounts where fraud is more likely to occur?</p>	<p>The balances of Accounts Payable (AP), Accounts Receivable and Fixed Assets were reviewed twice in 2022/23 as part of the yearly FFS programme of audits. The systems for AP are exposed to the potential risk of bank mandate fraud, whereby a “fraudster” contacts the Council to inform them that their bank details have changed, in an attempt to persuade the Council to make the payment to the erroneous account.</p> <p>Colleagues in the AP service and Procurement team are aware off these risks and apply manual checks to mitigate them.</p>
<p>12. Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?</p>	<p>No, I am not aware of any assets, liabilities or transactions that I believe have been improperly included or omitted from the accounts of the organisation.</p> <p>I am assured that the Quality Assurance process in the preparation of the draft financial statements, by the Finance Team, ensures the detailed review of the draft accounts prior to publication and submission to the External Auditors.</p>
<p>13. Could a false accounting entry escape detection? If so, how?</p>	<p>This is considered to be unlikely given the internal and external assurance provided to the Audit Committee of the controls in place for processing transactions.</p> <p>The Council is a complex multidisciplinary organisation so there is a potential risk that management is unaware of some false accounting occurring.</p> <p>An added assurance in this area is the review by External Audit who provide added assurance for transactions which are in excess of the materiality value.</p>
<p>14. Are there any external fraud risk factors, such as collection of revenues?</p>	<p>During 2022/23, the collection of revenue from Sundry Debtors, Council Tax and Business Rates was reviewed by Internal Audit as part of the fundamental financial systems audits. No specific fraud risks were identified as a result of these reviews.</p> <p>The external frauds in this area have become more sophisticated as fraudsters use information obtained to test the systems of all Authorities.</p>

Question	Response
<p>15. Are you aware of any organisational or management pressure to meet financial or operating targets?</p>	<p>No, I am not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to meet financial or operating targets. Regular budget monitoring is reported to Cabinet and feedback to the Audit Committee indicates reconciliations of key accounts are conducted on a monthly basis, and significant variances are investigated.</p> <p>The Council's Corporate Performance Indicators are reported to Cabinet and recorded via the Council's corporate performance reporting system. Detailed review is now undertaken by the Performance Overview and Scrutiny Committee.</p>
<p>16. Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?</p>	<p>No, as above, I am not aware of any inappropriate organisational or management pressure being applied, to meet financial or operating targets. The Director of Finance arranges for monthly budget monitoring to be conducted with service managers and reconciliations of key balances are conducted monthly, and significant variances are investigated.</p> <p>As above, Corporate Performance Indicators are reported to Cabinet and recorded via the Council's corporate performance reporting system. Detailed review is now undertaken by the Performance Overview and Scrutiny Committee.</p>
<p>17. What arrangements has the Council put in place in response to the Bribery Act 2010?</p>	<p>The Staff Code of Conduct, Section 12, sets out the responsibilities for staff re: Bribery and Corruption.</p> <p>The Assistant Director of Corporate Governance and Strategic Financial Management arranged for in-house training of colleagues in the A&amp;CF Team in relation to the Bribery Act 2010, and works in conjunction with Legal colleagues, where appropriate.</p> <p>As part of the regular review of the suite of Counter Fraud policies the "Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan" was reviewed and revised and approved by the Council's Audit Committee on 29 November 2022. These will be reviewed in 2023/24.</p> <p>As Chair of the Audit Committee, I have had appropriate guidance from Officers on this matter.</p>







## Report to Audit Committee

# Director of Finance - Charged with Governance- Management Processes and Arrangements

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

**Officer Contact:** Anne Ryans, Director of Finance

**Report Author:** Mark Stenson, Assistant Director of Corporate Governance and Strategic Financial Management.

**Ext.** 4783

**8 June 2023**

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## Reason for Decision

To enable the Council's External Auditor, Mazars LLP, to carry out duties required under the Local Audit and Accountability Act 2014, the Director of Finance is required to provide the auditors with the necessary assurances required under International Standards on Auditing (ISA), particularly, ISA 260, Communication with Those Charged with Governance.

## Executive Summary

In carrying out the annual audit of the Council, Mazars LLP must comply with the International Standards on Auditing (ISAs) as adopted by the UK Financial Reporting Council (FRC).

ISAs require the auditor to make inquiries of those charged with governance (TCWG) to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries are made in part to corroborate the responses to the inquiries of management.

Mazars LLP has sent the Director of Finance a questionnaire setting out their inquiries of TCWG. The questionnaire and the Director of Finance's proposed responses are set in the attachment (Annex 1). There is a requirement to respond to Mazars LLP by 30 June 2022.

**Recommendation**

That Members of the Audit Committee are asked to consider the attached response, suggest any amendments they believe are appropriate and to note the response of the Director of Finance to Mazars LLP.

Anne Ryans  
Director (Finance)  
Oldham Metropolitan Borough Council  
Civic Centre  
West Street, Oldham  
OL1 1UT

Direct line: +44 (0)161 238 9333  
Email: Yogita.das-patel@mazars.co.uk  
Date: 17<sup>th</sup> April 2023

Dear Anne,

## External Audit 2022/23 – understanding management processes and arrangements

We are required by auditing standards to maintain a good understanding of your management processes and arrangements. This enables us to deliver an efficient audit and reduces the time the Council staff needs to spend responding to our queries. As part of this process, I would be grateful if you could provide a response to the following questions:

- What processes are in place at the Council to:
  - undertake an **assessment of the risk that the financial statements may be materially misstated due to fraud or error** (including the nature, extent and frequency of these assessments);
  - identify and respond to **risks of fraud**;
  - **communicate to employees the Council's views on business practice and ethical behaviour** (for example by updating, communicating and monitoring against relevant codes of conduct); and
  - **communicate to the Audit Committee the processes for identifying and responding to fraud or error.**
- How does management gain assurance that **all relevant laws and regulations have been complied with?** Have there been any instances of non-compliance during 2022/23?
- Are there any **actual or potential litigation or claims that would affect the financial statements?**
- **What controls are in place to: identify, authorise, approve, account for and disclose related party transactions and relationships.** For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their

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nature, and whether there have been any transactions with these related parties during the year to 31 March 2023.

In addition to the above, which cover the Council's processes and controls, **Appendix 1 includes further questions to ascertain your views on fraud.** Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work undertaken in 2022/23.

I would be grateful if you could respond by letter or email on behalf of the Council by 30 June 2023. In the meantime, please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

**Yogita Das-Patel**  
Audit Manager

## Appendix 1

Question	Management Response
<p>What processes are in place at the Council to:</p>	
<ul style="list-style-type: none"> <li>○ undertake an <b>assessment of the risk that the financial statements may be materially misstated due to fraud or error</b> (including the nature, extent and frequency of these assessments);</li> </ul>	<p>Staff within the Finance Team attend appropriate training courses and have up-to-date technical knowledge and skills to enable them to prepare the financial statements.</p> <p>The Council has in place a robust system to review the accuracy and quality of its accounts. This includes checks to ensure the financial statements are correct and are supported by detailed records. There is also management oversight and review of the accounts.</p> <p>This is supported by the review of fundamental financial systems (FFS), which are audited by the Internal Audit function in two stages each year. These audits include a follow up of previously agreed actions.</p> <p>The detailed audit programme for each financial system reflects the risk of fraud and error and are discussed with the Council's External Auditors, who also review the work completed. This review contributes to the assessment of the risk of material misstatement.</p> <p>The Annual Report from the Head of Audit and Counter Fraud gives an opinion on the overall control environment adding to the assurance that the underlying processes for processing transactions are appropriate.</p> <p>The Council, alongside a significant proportion of Authorities across the country is impacted by the delay in obtaining a final opinion on its 2021/22 accounts. At the time of providing this assurance then the risk remains that matters relating to the financial year 2021/22 could impact on the 2022/23 accounts. The Council has published its draft accounts for 2022/23 in line with the statutory deadline but will be unable to approve the final accounts for this year until the matters impacting on previous years accounts are resolved</p>
<ul style="list-style-type: none"> <li>○ identify and respond to <b>risks of fraud</b>;</li> </ul>	<p>The Audit and Counter Fraud (A&amp;CF) Team identifies and responds to the risk of fraud via the on-going review of the A&amp;CF Plan. This is an annual plan based on strategic audit needs assessment, the Fraud Response Plan, and the Fraud and Loss Risk Assessment. This includes the risk of fraud identified by the National Audit Office (NAO) Fraud Advisory Panel, the CIPFA Fighting Fraud and Corruption Locally guidance and the Cabinet Office in their role as lead for the National Fraud Initiative (NFI).</p>

Question	Management Response
<ul style="list-style-type: none"> <li>○ <b>communicate to employees the Council’s views on business practice and ethical behaviour</b> (for example by updating, communicating and monitoring against relevant codes of conduct); and</li> </ul>	<p>The Staff Code of Conduct and its appendices set out the standards expected around a range of matters, including the “Nolan Principles Standards of Public Life”, “Gifts and Hospitality”, “Disclosure of Information”, “Relationships”, “Contractors” and “Behaviour during Tendering”.</p> <p>The Code of Conduct is available via the Council’s Intranet and is included as part of the Council’s induction training.</p> <p>The Code of Conduct is regularly reviewed and updated as appropriate, particularly in line with national guidance.</p>
<ul style="list-style-type: none"> <li>○ <b>communicate to the Audit Committee the processes for identifying and responding to fraud or error.</b></li> </ul>	<p>Fraud risks and issues are reported by the Head of Audit and Counter Fraud in the A&amp;CF Plan, the Fraud and Loss Risk Assessment, the Fighting Fraud and Corruption Locally self-assessment checklist, and via regular specific reporting, e.g. updates on specific risks in the Council’s Annual Governance Statement.</p> <p>A suite of refreshed Counter Fraud policies was presented to, reviewed and approved by the Council’s Audit Committee on 29 November 2022.</p> <p>Ad hoc matters requiring a report to the Audit Committee are also prepared by the Assistant Director of Corporate Governance and Strategic Financial Management as required.</p> <p>The Annual Governance Statement identifies the risks linked into the Transparency Agenda.</p>
<ul style="list-style-type: none"> <li>• How does management gain assurance that <b>all relevant laws and regulations have been complied with?</b> Have there been any instances of non-compliance during 2021/22?</li> </ul>	<p>In accordance with the appropriate financial thresholds/scheme of delegation, all reports to the Council’s Committees include formal comments from appropriate statutory officers.</p> <p>Internal Audit reviews whether the Council has adhered to relevant legislation and guidance as part of its ongoing audit arrangements and programmes.</p> <p>Specific training is also arranged by relevant teams; e.g. Legal Services.</p>
<ul style="list-style-type: none"> <li>• Are there any <b>actual or potential litigation or claims</b></li> </ul>	<p>All appropriate matters have been incorporated into the production and review of the Annual Governance Statement and the draft Statement of Account for the financial year 2022/23. The perceived risks in the</p>

Question	Management Response
<p><b>that would affect the financial statements?</b></p>	<p>financial year 2022/23 have been considered and appropriately reported to the Audit Committee.</p> <p>The Audit Committee on 28 March 2023 received a report on the Corporate Risk Register for the period to December 2022 but updated for information available as at March 2023.</p>
<p>• <b>What controls are in place to: identify, authorise, approve, account for and disclose related party transactions and relationships.</b> For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2020.</p>	<p>The controls in place are:</p> <ul style="list-style-type: none"> <li>• The separate disclosure Note to the Council's Statement of Accounts "Note 12: Related Parties" (which is subject to audit) sets out the key transactions with all related parties.</li> <li>• Members' Code of Conduct.</li> <li>• Members' Register of Interests in line with the 2011 Localism Act.</li> <li>• Member's Allowances' are disclosed in Note 8 to the Council's Statement of Accounts.</li> <li>• Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct.</li> <li>• Officers' Remuneration is disclosed in Note 9 to the Council's Statement of Accounts.</li> <li>• Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 sets out the relevant information to disclose, together with CIPFA Bulletins on Closure of the 2022/23 Financial Statements.</li> <li>• Internal and External Audit monitor compliance.</li> <li>• The Council operates a Standards Committee.</li> <li>• Levy Bodies are subject to a separate external audit process.</li> <li>• The production of Group Accounts which are subject to external audit.</li> </ul>

Question	Response
<p>1. Are you aware of any <b>actual, suspected or alleged instances of fraud</b> during the period 1 April 2022 – 31 March 2023 (if 'yes', please provide details)?</p>	<p>No, during this period of time (excluding business grants administered by the Council), there has been no significant (i.e., greater than £10k) corporate (in-house) fraud committed by Council staff and contractors, which have required investigation.</p> <p>The Assistant Director of Corporate Governance and Strategic Financial Management throughout 2022/23 has reported on a confidential basis the sensitive</p>

Question	Response
	<p>matters it was appropriate to highlight to the Committee including the risks to the Council should there be poor oversight of key partner organisations.</p>
<p>2. Do you suspect fraud may be occurring within the organisation?</p>	<p>As at 31 March 2023 all instances of suspected fraud within the organisation had been investigated.</p> <p>The Council is a complex multidisciplinary organisation so there is a potential risk that management is unaware of some fraud occurring.</p> <p>An added assurance that appropriate controls are in place is the opinion, given in the Annual Report of the Head of Internal Audit and Counter Fraud.</p>
<p>3. Have you identified any specific fraud risks within the Council?</p>	<p>Fraud risks are captured, reported and monitored via the Fraud and Loss Risk Assessment, the Fraud Response Plan and potential fraud risks are assessed for each audit review.</p>
<p>4. Are you satisfied that internal controls, including segregation of duties, exist and work effectively (<i>if 'yes', please provide details</i>)?</p>	<p>Yes. In all financial systems for 2022/23, there are agreed processes to review transactions. The Fundamental Financial Systems reviews support this process.</p> <p>There are issues identified in the operation of some systems which have been highlighted to the Audit Committee and included in the Council's Annual Governance Statement (AGS). Where appropriate, extra audit testing is conducted by Internal and External Audit to provide extra assurance around known issues.</p> <p>Detailed Action Plans are in place, subject to regular follow-up to address issues included in the AGS.</p>



Question	Response
<p>5. If not where are the risk areas?</p>	<p>As above, potential risks and issues are reported in the Council's AGS and updates are reported to the Audit Committee on a regular basis. Risks are assessed annually and as part of detailed audit planning.</p> <p>The Council continues to experience significant challenges in social care and continues to track the potential risk around these service areas as this is clearly an area of management focus.</p> <p>One disappointment as highlighted in the draft AGS is the lack of progress made in the financial year 2022/23 to improve the control environment for Payroll.</p> <p>Large Capital Programme projects will also provide additional fraud opportunities in areas such as mandate fraud.</p> <p>An issue which has impacted on a minority of Local Authorities is poor partnership governance. The Council monitors its risks via the production of a Partnership Dashboard.</p> <p>The funding provided to assist the wider Government response to the COVID-19 pandemic has changed the risk profile in relation to fraud. The Council has, however, introduced appropriate safeguards into its administration to minimise loss in this area.</p>
<p>6. How do you encourage staff to report their concerns about fraud?</p>	<p>The Whistleblowing Policy sets out the arrangements for staff to anonymously report potential concerns and it is included in the Staff Code of Conduct. Following a risk assessment process, the A&amp;CF Team will investigate allegations discretely, agree a course of action and agree recommendations. Where significant issues arise, External Audit will be briefed.</p>

Question	Response
<p>7. What concerns about fraud are staff expected to report?</p>	<p>The Whistleblowing Policy includes the reporting by employees of suspected misconduct, illegal acts or failure to act within the Council. The aim of the Policy is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.</p>
<p>8. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p>	<p>None are recorded. Contract Procedure Rules set out the procedures for procurement and this service is subject to regular review by Internal Audit. No significant issues which will impact the financial statements have been identified in 2022/23.</p> <p>Partnerships and the risk that Council's do not understand their financial risks is an area whereby the work of the Audit Committee will focus in the future work programme.</p>
<p>9. How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>As above, the Council's Contract Procedure Rules set out the procedures for Procurement and this service is subject to review by Internal Audit. Other policies (and internal controls) to mitigate this risk include:</p> <ul style="list-style-type: none"> <li>• Members' Code of Conduct.</li> <li>• Members' Register of Interests in line with the 2011 Localism Act.</li> <li>• Member's Allowances' are disclosed in Note 8 to the Council's Statement of Accounts.</li> <li>• Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct.</li> <li>• The Council operates a Standards Committee.</li> <li>• Levying Bodies are subject to a separate external audit process.</li> </ul>

Question	Response
	<ul style="list-style-type: none"> <li>• The production of Group Accounts which are subject to external audit.</li> <li>• The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. These details are included in Note 12 to the Annual Financial Statements. In support of this Senior Officers are required to declare interests in companies, organisations and entities with which the Council may interact in order to ensure transparency.</li> </ul>
<p>10. Are you aware of any entries made in the accounting records that you believe, or suspect are false or intentionally misleading?</p>	<p>No, I am not aware of any entries in the accounting records of this nature. The Council applies a detailed three stage quality assurance process, which incorporates independent/ “fresh eye” review prior to submitting its draft Accounts for publication and review by the External Auditor.</p>
<p>11. Are there particular balances in the accounts where fraud is more likely to occur?</p>	<p>The balances of Accounts Payable (AP), Accounts Receivable and Fixed Assets were reviewed twice in 2022/23 as part of the yearly FFS programme of audits. The systems for AP are exposed to the potential risk of bank mandate fraud, whereby a “fraudster” contacts the Council to inform them that their bank details have changed, in an attempt to persuade the Council to make the payment to the erroneous account.</p> <p>Colleagues in both the AP service and Procurement team are aware off these risks and apply manual checks to mitigate them.</p>
<p>12. Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?</p>	<p>No, I am not aware of any assets, liabilities or transactions that I believe have been improperly included or omitted from the accounts of the organisation.</p>

Question	Response
	<p>The three stage Quality Assurance process ensures the detailed review of the draft accounts prior to publication and submission to the External Auditors.</p>
<p>13. Could a false accounting entry escape detection? If so, how?</p>	<p>This is unlikely given the controls in place for processing transactions.</p> <p>The Council is a complex multidisciplinary organisation so there is a potential risk that management is unaware of some false accounting occurring.</p> <p>An added control in this area is the review by the External Audit team who provide added assurance for transactions which are in excess of the materiality value.</p>
<p>14. Are there any external fraud risk factors, such as collection of revenues?</p>	<p>During 2022/23, the collection of revenue from Sundry Debtors, Council Tax and Business Rates was reviewed by Internal Audit as part of the Fundamental Financial Systems audits. No specific fraud risks were identified as a result of these reviews.</p> <p>The external frauds in this area have become more sophisticated as fraudsters use information obtained to test the systems of all Authorities.</p>
<p>15. Are you aware of any organisational or management pressure to meet financial or operating targets?</p>	<p>No, I am not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to myself or to colleagues to meet financial or operating targets.</p> <p>Monthly budget monitoring is conducted with service managers and reconciliations of key balances are conducted monthly, and significant variances are investigated.</p> <p>The Council's Corporate Performance Indicators are reported to Cabinet and recorded via the Council's corporate performance reporting system. Detailed</p>

Question	Response
	<p>review is now undertaken by the Performance Overview and Scrutiny Committee.</p>
<p>16. Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?</p>	<p>No, as above, I am not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to myself or to colleagues to meet financial or operating targets. Monthly budget monitoring is conducted with service managers and reconciliations of key balances are conducted monthly. Significant variances are investigated.</p> <p>As above, Corporate Performance Indicators are reported to Cabinet and recorded via the Council's corporate performance reporting system. Detailed review is now undertaken by the Performance Overview and Scrutiny Committee.</p>
<p>17. What arrangements has the Council put in place in response to the Bribery Act 2010?</p>	<p>The Staff Code of Conduct sets out the responsibilities for staff re: Bribery and Corruption.</p> <p>The Assistant Director of Corporate Governance and Strategic Financial Management arranged for in-house training of colleagues in the A&amp;CF Team in relation to the Bribery Act 2010, and works in conjunction with Legal colleagues, where appropriate.</p> <p>As part of the regular review of the suite of Counter Fraud policies the "Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan" was reviewed and revised and approved by the Council's Audit Committee on 29 November 2022. These will be reviewed in 2023/24.</p>





## Report to Audit Committee

# Local Code of Corporate Governance

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member Finance and Corporate Resources

**Officer Contact:** Mark Stenson, Assistant Director of Corporate Governance and Strategic Financial Management

**Report Author:** Mark Stenson, Assistant Director of Corporate Governance and Strategic Financial Management

**Contact:** mark.stenson@oldham.gov.uk

**8 June 2023**

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## Reason for Decision

The purpose of this report is to propose a refreshed Local Code of Corporate Governance for Oldham Council.

## Executive Summary

The Council is required to produce a Local Code of Corporate Governance, which is 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 9 June 2022.

A refreshed Local Code of Corporate Governance is presented for review at Appendix 1.

## Recommendations

The Committee notes the refreshed Local Code of Corporate Governance for Oldham Council.

**Local Code of Corporate Governance**

1.1 In order to assist with complying with the Accounts and Audit Regulations 2015 which requires the annual production of an Annual Governance Statement, the Council is required to produce a Local Code of Corporate Governance.

1.2 This Code is to be reviewed every two years at a minimum or sooner if there are changes to the Governance Standards. It was last reviewed and presented to the Audit Committee on 9 June 2022. The Code reflects the seven principles of the Governance Framework introduced in 2016/17. The changes detailed reflect the need to remove reference to the temporary revisions in the Accounts and Audit Regulations introduced during the COVID pandemic and the change in the External Audit Manager with effect from the start of the 2023/24 financial year.

1.3 The Assistant Director of Corporate Governance and Strategic Financial Management, in conjunction with the Director of Finance, review the Code on a regular basis whilst also monitoring the progress made by the Authority on complying with its policies and procedures to ensure best practice.

**2 Options/Alternatives**

2.1 The Audit Committee can either:

- a) Consider and accept the refreshed Local Code of Corporate Governance.
- b) Consider but not accept the refreshed Local Code of Corporate Governance and suggest an alternative approach.

**3 Preferred Option**

3.1 The preferred option is that the Audit Committee accepts and notes the refreshed Local Code of Corporate Governance for Oldham Council.

**4 Consultation**

4.1 N/A.

**5 Financial Implications**

5.1 N/A.

**6 Legal Services Comments**

6.1 N/A.

**7 Cooperative Agenda**

7.1 N/A.

**8 Human Resources Comments**

8.1 N/A.



9 **Risk Assessments**

9.1 N/A.

10 **IT Implications**

10.1 N/A.

11 **Property Implications**

11.1 N/A.

12 **Procurement Implications**

12.1 N/A.

13 **Environmental and Health & Safety Implications**

13.1 N/A.

14 **Equality, community cohesion and crime implications**

14.1 N/A.

15 **Equality Impact Assessment Completed?**

15.1 N/A.

16 **Key Decision**

16.1 N/A.

17 **Forward Plan Reference**

17.1 N/A.

18 **Background Papers**

18.1 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: Mark Stenson  
Contact: mark.stenson@ldham.gov.uk

19 **Appendices**

19.1 Appendix 1 Local Code of Corporate Governance.

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<b>LOCAL CODE OF CORPORATE GOVERNANCE</b>
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**1.0 INTRODUCTION**

1.1 The term Corporate Governance refers to the *system “by which the Council directs and controls its functions and relates to the community it serves”*. It is therefore the framework of policies, systems, procedures, and structures that together determine and control the way in which the Council manages its business, determines its strategies and objectives, and sets about delivering its services to meet those objectives for the greater good of the community.

1.2 The basic principles of good corporate governance, as set out in the Corporate Governance Code, require the Council to:

- carry out its functions in a way that is completely open and inclusive of all sectors of the community;
- demonstrate the utmost integrity in all its dealings,
- be fully accountable to the public it serves; and
- ensure its emergency decision-making throughout any emergency event is consistent with good governance of public funds.

The Council supports these principles fully. This Code is a public statement of the commitment to these principles and sets out clearly the way in which the Council will meet that commitment.

1.3 In order to follow Best Practice in Corporate Governance, the methodology adopted by the Authority has been to base the approach on the following:

- Complying with the guidance published in the Good Governance Standards for Public Services, which sets out the key principles which need to be adopted by the Council.
- Following advice on Delivering Good Governance in Local Government as developed by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives (CIPFA/SOLACE) to integrate the principles of the Good Governance Standard into the public sector.
- Implementing a suite of Counter Fraud Policies that reflect the Council's zero tolerance to fraud. This includes the production of a Fraud and Loss Risk Assessment to inform future pro-active work to prevent future loss.
- Setting up and maintaining appropriate networks within the Council to consider key matters on Corporate Governance. These networks include key officers from Legal, Policy, Procurement and Performance, Service Directorates and Human Resources and Organisational Development as well as Finance.
- Ensuring appropriate attendance at meetings and working groups set up in response to emergencies by Regulatory Officers to ensure transparent decision making.

1.4 The main body of this Code is therefore structured around the seven key principles of the revised CIPFA/SOLACE publication Delivering Good Governance in Local Government and is designed to reflect the assurance gathering process for the Annual Governance Statement which is produced to support the Statement of Accounts. Each commitment covers a particular area of the Council's responsibilities in terms of corporate governance. These principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcome.
- Developing the entity's capacity including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The means by which the Council will meet and demonstrate its commitment to good corporate governance in relation to these principles are set out in **Section 2** below.

1.5 In order to assist with complying with the Accounts and Audit Regulations 2015, which require the production of an Annual Governance Statement, this Code will be reviewed as a minimum every two years or when there are changes to the Governance Standards. Also, the Assistant Director of Corporate Governance and Strategic Financial Management in conjunction with the Director of Finance will take an overview of the Code on a regular basis and monitor the progress made by the Authority on compliance by reviewing that the policies, procedures and working practices reflect best practice.

1.6 Further information about the Authority's corporate governance processes, are available from the Assistant Director of Corporate Governance and Strategic Financial Management by email at [mark.stenson@oldham.gov.uk](mailto:mark.stenson@oldham.gov.uk)

## 2.0 THE SEVEN KEY PRINCIPLES

### 2.1 **Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

Both Officers and Members are public servants and operate a culture where acting in the public interest is a primary objective. To do this, the Council sets out clear statements about the roles and responsibilities of Members and senior officers. These clear statements are supported by appropriate policies and protocols which are updated on a regular basis.

The Chief Executive supported by Senior Officers is responsible for all aspects of operational management and demonstrates sound corporate governance by ensuring:

- A constitution is maintained and updated which includes Contract and Financial Procedure Rules which set out the Council's commitment to sustainability and social value. This sets the standards expected of third party suppliers to the Council.
- An appropriate Scheme of Delegation is maintained that sets out the roles of all Cabinet Members and Officers.
- Records are maintained of decisions taken which are supported by evidence to justify the decisions made.
- Officers at a senior level are given the appropriate statutory responsibilities for finance (Section 151 role), education, children's services, adults social care, public health and monitoring officer responsibilities (legal).

- An appropriate suite of anti-fraud and corruption policies including whistleblowing are in place. This supports human resource policies to ensure inappropriate behaviour is subject to review.
- A Standards Committee is established to consider matters of compliance with the Members Code of Conduct.
- As a Co-Operative Council, every effort is made to assist Oldham residents to be more self-sufficient as this results in a more sustainable Local Authority. The key objectives are set out in the Corporate Plan.
- A regular review of key partnerships is reported to Senior Officers to ensure the Council's values are upheld in their operations.
- A complaints system is in place which enables matters to be raised by the public on both organisational and operational matters.
- A reserves policy is prepared and regularly reviewed to support the Council's Co-operative values and continued financial resilience.

The Audit Committee is an essential part of the Authority in providing scrutiny of financial affairs.

## 2.2 Ensuring openness and comprehensive stakeholder engagement

In order to discharge their duties, it is important that both Members and officers are open about both remuneration and how the Council spends its resources. The Council publishes its key decisions in line with the Constitution. To demonstrate transparency, it publishes all transactions with expenditure of £500 and over, including those where it acts for Government Departments as an Agent as per the Local Government Transparency Code, and its Pay Policy Statement. Key meetings such as Council are streamed live to enable local citizens to review decisions as and when they are made.

One way that the Council demonstrates it is working coherently is by operating management arrangements that show it is improving the services it delivers and achieving best value. Independent Scrutiny will be undertaken in 2023/214 by four Scrutiny Boards and key Regulatory Committees. These are the:

- Adult Social Care Board
- Children and Young People and Families Board
- Place, Economic Growth and Environment Board
- Governance Strategy and Resources Board

These will operate alongside the Audit and Standards Committees.

Both Internal and External Audit officers have informal access to the members of the Audit Committee before each meeting. The Standards Committee is supported by independent members who review the investigations into matters of conduct. Where appropriate, investigations are reported in detail to full Council.

An effective Local Code of Corporate Governance has been produced to support the organisation's vision of what it wants to achieve. It is an integral part of the Council demonstrating to its key stakeholders in its agreed Corporate Plan that its underlying policies and procedures are sound. It is supported by a communications strategy to ensure residents views are reflected.

Some services are delivered by working in partnership with a number of third parties. Both Members and officers work in several diverse partnership arrangements. It is important that they are aware they represent the Council, and that each partnership has in place appropriate Corporate Governance arrangements which work and fit in

with the Corporate Vision of the organisation and satisfy the requirements of the Council. The Council has developed a Partnership Dashboard which will be reported to the Audit Committee during 2023/24 to assess its overall risk profile from existing partnerships.

There is extensive consultation on key policies and developments to ensure the aims of the Council support their environmental priorities within a defined financial envelope. Key policies such as the Co-operative vision are only developed following consultation with both the public and key public bodies such as the levying bodies.

The Council is a key Member of the Greater Manchester Combined Authority (GMCA) and has worked in partnership with the other Greater Manchester District Councils to attract extra investment which benefits the wider area than just that covered by the Council. In terms of the Greater Manchester Pension Fund (GMPF) which administers the Oldham Council Local Government Pension Scheme, it has worked in partnership to deliver long term savings by better targeted investment.

The budget process balances the operational needs of the Council, given the pressures on certain operational areas, with consideration of affordability for local Council Taxpayers. The Council has continued its plans to integrate with NHS services to improve the efficiency of public services. The continued partnership working on adult social care services and the revised devolution arrangements following the national restructure of the National Health Service during 2022/23 and pooled/ aligned funding further reinforces the extent of joint working taking place. This future vision is set out in the Medium-Term Financial Strategy (MTFS) which is subject to regular review.

### **2.3 Defining outcomes in terms of sustainable economic, social and environmental benefits**

The Council's Corporate Plan supplemented by the development of the Oldham Plan – Our Future Oldham, sets out how the Council will deliver its agreed Co-Operative values. It presents the long-term sustainable vision where residents do as much as possible to assist themselves with the Council acting as a provider of last resort. It determines how the Council operates in partnership with its citizens, Elected Members, other public bodies (on integrating services to minimise waste) and key partners such as the constituent Districts who have a joint interest in the GMCA.

In order to deliver its core business, the Council has both a Corporate Governance Framework and a Risk Management Framework which is subject to independent scrutiny by both Senior Officers and the Audit Committee. This is demonstrated by key decisions including details of mitigations for risks. The effective use of resources is reflected in the agreed budget and Medium-Term Financial Strategy which takes account of the views of the budget consultation. Approved budget expenditure is incurred in accordance with the constitution which sets out the priorities of the Authority in relation to Co-Operative Values which in turn reflect the importance of both Social Value and Sustainability.

In order to improve future outcomes for service users there is partnership working at both the locality level (health and social care) and GMCA (children and regeneration). This has involved the Council considering the risk it is prepared to underwrite to guarantee future investment both locally and at the conurbation level. Fair access to service is underpinned by the production of equality impact assessments which form key elements of the decision-making process when the Council is considering budget options.

## 2.4 **Determining the interventions necessary to optimise the achievement of the intended outcome**

To ensure that Council decisions are subject to appropriate review the following has been developed:

- A Cabinet Structure with appropriate amendments made to responsibility on an annual basis, with monthly meetings reflecting the need to take proper political and operational decisions. This is supported by appropriate officer support and training.
- The two regularity Committees (Audit and Standards) which follow best practice guidance and are constituted to have a proportion of Independent Members who are non-political and are recruited on their skills which enable them to carry out the role.
- An agreed format for the delivery of budget reductions which is linked into both the Medium-Term Financial Strategy and the detailed budget setting process. This involves considering the feedback from the public and staff consultation which can involve amending initial proposals.
- A performance monitoring system which tracks progress against the Council's objectives. This includes the production of business plans at Directorate level with appropriate Service Risk Registers and independent scrutiny where objectives are not met.
- A costed Corporate Plan setting out the Co-Operative objectives of the Council.
- Appropriate partnership governance monitoring as evidenced by the Partnership Dashboard reported to the Audit Committee.
- Appropriate and realistic social value in commissioning including ensuring where possible outside bodies make fair payments to staff.
- Flexible working arrangements to enable the Council to respond to unplanned events as evidenced throughout the recent pandemic and support its future operation of Co-operative and Social Values.

## 2.5 **Developing the entity's capacity including the capability of its leadership and the individuals within it**

All new Members and officers have a specific induction programme which is kept under regular review and tailored when required. For Members, the Council has enhanced an existing development programme, which provides regular updates on new issues. This programme supports Councillors in a modern environment in whatever role they have in the Council. In respect of the specialist regulatory committees of both Audit and Standards, specialist training for members is arranged by the Authority. The structure of responsibility at officer and Member level is set out in the scheme of delegation within the Constitution.

All staff are subject to an annual appraisal (a Let's Talk conversation) which allows both staff and their managers to identify staff needs and produce annual training plans. This has been supported by the Team Oldham Workforce Strategy 2020-2023. The embedding of the integrated HR/Payroll system is ensuring key personnel information is better recorded and processes for both managers and staff have been improved.,

All posts within the Council have job descriptions supported by person specifications which enable staff to carry out their roles. These are consistent with the principles set out by the National Joint Council.

The Council's Workforce Strategy 2020-2023 and Corporate Plan are reviewed on a regular basis. To ensure the corporate aims and objectives are achieved, it is supported by a Performance Monitoring System which includes a training needs

assessment, and which reports on a quarterly basis. The Council is undertaking a capacity building programme recognising the risks of downsizing which are resulting from continued budget pressures.

The Audit Committee is essential for independent scrutiny, reviewing reports from both internal and external auditors. This includes the overall opinion of the internal control environment from internal audit and the audit findings report from the external auditor.

To maintain the health and wellbeing of employees there is a Health and Safety Working Group. In order for concerns to be raised both internally and externally there are policies covering grievance and whistleblowing. In the financial year 2022/23 support continued to be provided to the workforce to reflect the challenges presented by ongoing increased levels of home working. This will be continued in 2023/24.

Partnerships and their effectiveness are reviewed by the Audit Committee via the Partnership Dashboard with more detailed scrutiny as and when needed. This has included learning the lessons from governance failings reported in the public domain in other Public Sector organisations.

## **2.6 Managing risks and performance through robust internal control and strong public management**

The Council has an embedded Risk Management Strategy and Framework which is subject to regular review by both Senior Officers and detailed scrutiny from the Audit Committee.

The reports submitted to the Audit Committee as routine business show publicly how the Authority demonstrates it has a robust system of internal control.

The Performance Framework includes regular reports on progress to achieving the Corporate Objectives of the Council. Data is collated monthly and reported on a quarterly basis to both the Cabinet and Scrutiny Committee. Where performance is below the agreed standard then presentations supported by reports are made to the Scrutiny Committee setting out the plans to achieve the agreed standard.

The budget is subject to regular review by the Cabinet Member responsible for Finance supported by the Director of Finance. It is supported by a costed Medium-Term Financial Strategy, a detailed Capital Programme and Strategy, and Treasury Management Strategy setting out the financing requirements of the Council. A statement on the robustness of the budget is prepared by the Director of Finance (Section 151 Officer) and this is supported by a reserves policy which underpins the Long-Term resilience of the Council.

Data security standards are supported by appropriate Information Security protocols and an officer group which meets quarterly to consider data matters. Data security is subject to external scrutiny around the need to comply with national standards such as those required on the Public Services Network (PSN).

## **2.7 Implementing good practices in transparency, reporting and audit to deliver effective accountability**

All meetings of the Council, and Cabinet and also the Planning, Audit and Licensing Committees are held in public and the only matters considered in private are those matters, which, after advice with key personnel such as the Monitoring Officer, are deemed to be confidential with regard to relevant legislation.



The work on public stewardship culminates in the production of the Annual Report of the Head of Audit and Counter Fraud on the overall internal control environment. The Internal Audit Service works to the Public Sector Internal Audit Standards and a review undertaken at the end of 2022/23 identified the continued compliance with these Standards. The financial year 2022/23 was again challenging as the Council returned to operating its normal business after the pandemic. However, the Internal Audit Service has continued to support the Section 151 Officer in assessing the adequacy of the controls surrounding all of the Council's Fundamental Financial Systems.

The Statement of Final Accounts is produced in accordance with appropriate professional standards which includes the relevant performance information and feedback from other independent assessments. It is expected that the Accounts will be audited by the end of September which is consistent with the Accounts and Audit (Amendment) Regulations 2022 and in line with the present statutory framework. A draft set of accounts is presented to the Audit Committee in June to enable additional scrutiny to take place of this important document.

### **3.0 KEY ACTIONS WHICH SUPPORT GOOD CORPORATE GOVERNANCE**

#### **3.1 Production of an Annual Governance Statement**

The Council, to support its requirements under Good Governance, will produce an Annual Governance Statement. This Statement will follow best practice guidance and progress on monitoring action against any issues identified in the Statement will be the responsibility of the Assistant Director of Corporate Governance and Strategic Financial Management at officer level. It will also be subject to independent review by the Audit Committee at Member level when the Final Accounts are considered. This Statement will be subject to review by the External Auditor as part of the routine external audit undertaken on the accounts.

#### **3.2 Reports to Members**

The Council's Audit Committee, which is independent of the Authority, receives regular reports on the Annual Governance Statement including potential emerging issues. A separate report will be produced on the Statement itself at the year-end. In addition, regular reports on partnerships are produced for the Audit Committee on the Partnership Dashboard.

#### **3.3 Reducing Fraud**

The Council, to minimise its risk of suffering losses due to fraud, has adopted best practice as set out in recent standards produced on fraud and as a result has in place:

- a strategic approach as set out in its Counter Fraud Strategy (which was updated in March 2023) to reduce the risk of fraud.
- a culture of zero tolerance to fraud.
- an effective Counter Fraud Framework including Whistleblowing arrangements for staff, contractors and members of the public.
- a dedicated team to investigate allegations of fraud.
- continued improvement to systems of Internal Control.
- effective partnership working arrangements with third parties.

This is monitored by an effective framework to reduce fraud. The Audit Committee will consider informal updates on the measures the Council is adopting to reduce its risk to fraud and loss.

#### 4.0 FURTHER INFORMATION

4.1 If you have any concerns about the way in which the Authority, its Members, officers or agents conduct its business, or believe that elements of this Code are not being complied with, please contact one of the following as appropriate. Your enquiry will be treated confidentially, and a response made following investigation of the facts in each case.

(i) **Chief Executive (Head of Paid Service)**

Harry Catherall  
Chief Executive  
Oldham Metropolitan Borough Council  
PO Box 160  
Civic Centre  
West Street  
Oldham  
OL1 1UG

(ii) **Director of Finance (Section 151 Officer)**

Anne Ryans  
Director of Finance (S151 Officer)  
Oldham Metropolitan Borough Council  
Level 3  
Civic Centre  
West Street  
Oldham  
OL1 1UL

(iii) **Monitoring Officer**

Paul Entwistle  
Director of Legal Services /Monitoring Officer  
Oldham Metropolitan Borough Council  
PO Box 33  
Civic Centre  
West Street  
Oldham  
OL1 1UL

(iv) **Assistant Director of Corporate Governance and Strategic Financial Management**

Mark Stenson  
Assistant Director of Corporate Governance and Strategic Financial Management  
Oldham Metropolitan Borough Council  
Level 3  
Civic Centre  
West Street  
Oldham  
OL1 1UH

Email: [mark.stenson@oldham.gov.uk](mailto:mark.stenson@oldham.gov.uk)

(v) **External Auditor**

Daniel Watson  
Mazars LLP  
One St Peters Square  
Manchester  
M2 3DE

**Revised June 2023**

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## Report to Audit Committee

# 2022/23 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

**8 June 2023**

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### Reason for Decision

To provide Members with a report outlining the work of the Internal Audit and Counter Fraud team for the 2022/23 financial year.

### Executive Summary

The report summarises the work carried out by the team from 1 April 2022 to 31 March 2023.

During the year the team prioritised the Council's Fundamental Financial Systems (FFS) reviews to support both the 2021/22 and 2022/23 assurance process to the support the production of the financial accounts, assurance to be provided by the Chair of the Audit Committee and Director of Finance, plus the Annual Opinion set out in the Report of the Head of Audit and Counter Fraud.

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 and Assurance Statements in respect of grants received;
- Continued support in providing assurance in respect of other non-COVID Central Government Grant regimes;
- Compilation of the 2021/22 Annual Audit Report and Opinion and reports detailing key issues for this Committee;

- Completion of a variety of other planned Audit reviews and reports on Local Authority Maintained Schools, Miocare CIC's Fundamental Financial Systems, Alexandra Park Eco-Centre, the Council's Let Estate Function and Home to School Transport;
- Issuing briefing notes and reports on Postal Voting during the election in May 2022 and the Hollinwood by-election;
- Issuing briefing notes on ad hoc reviews of Foster Care Aids & Adaptations, Payroll Leavers procedures, Tax Compliance and Controls, Children's Social Services Cash Imprest Accounts, Duplicate Payments and Children's Services Recruitment;
- Commencement of audit reviews of Semi-Independence Units, Housing Strategy implementation, Out of Borough Education and Land Sales, and in connection with the pre-contract phases of the North Chadderton High School Extension, the Spindles redevelopment, Diggle Clock Tower, The Old Library and Egyptian Room projects;
- Corporate Counter Fraud activities have identified £312,061 of fraud errors and overpayments. The Direct Payments Audit Team (Children and Adults) have continued to deliver significant recovery outcomes which have generated £188,976 and £2,865,466 (respectively) for the period 1 April 2022 to 31 March 2023; and
- Having an independent inspection undertaken for Public Sector Internal Audit Standards.

### **Recommendation**

Members are requested to note the 2022/23 Audit and Counter Fraud Progress Report.

**2022/23 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 2022 and 31 March 2023.
- 1.2 The main content of the report is structured as follows:
- Section 2: 2022/23 Audit and Counter Fraud Plan: Progress Update;
  - Section 3: Corporate Counter Fraud; and
  - Section 4: Audit of Direct Payments.

**2. 2022/23 Audit and Counter Fraud Plan: Progress Update**

- 2.1 Priorities for the 2022/23 Audit and Counter Fraud Plan included:
- 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:

**Completion of 2021/22 Fundamental Financial Systems (FFS) reports**

- 2.2 Work commenced on the reviews agreed in the Internal Audit Plan for the previous financial year 2021/22, in October 2021. Interim FFS reports were issued by the 31 March 2022 resulting in final reports been issued during Quarters 1 and 2 of 2022/23. Members received reports on the findings and opinions of the 2021/22 FFS reports throughout 2021/22, and as part of the Audit and Counter Fraud Team's reporting throughout the Municipal Year 2022/23. There are no further significant updates to report upon at this time in respect of our FFS work for the previous financial year 2021/22. Further details of the audits, including the opinions, can be found at Appendix 1.

**2022/23 Fundamental Financial Systems (FFS) reports**

- 2.3 Work in connection with the 2022/23 FFS reviews commenced in October 2022. This reflected the revised approach agreed within the 2022/23 Plan whereby one audit report per annum would be issued. Interim Action Plans were issued to Services in the final quarter of the year detailing the results of our testing and recommendations for improvement. At the time of writing final reports are being compiled and will be issued as normal in Quarters 1 and 2 of the new 2023/24 financial year. This work has informed the production of the 2022/23 draft Annual Governance Statement.

**Other Planned Reports Issued**

- 2.4 In addition to the FFS related reports the team has also issued:
- School Audit Reports to the Local Authority Maintained Schools of St Joseph's Primary School and Glodwick Infant and Nursery School;

- A briefing note and report on Postal Voting during the election in May 2022 and a further report on this topic for the Hollinwood by-election;
- The annual report on MioCare CIC's Fundamental Financial Systems;
- A review of the Council's Let Estate function;
- A review of the Council's arrangements to provide Home to School Transport; and
- A report on the pre and current contract phases of the Alexandra Park Eco Centre.

2.5 A number of other ad-hoc pieces of work have also been undertaken in response to issues identified during the year, and at the request of the Director of Finance and/or Assistant Director of Finance (Corporate Governance and Strategic Financial Management). As a result of this work, we have issued Audit Briefing Notes with recommendations for improvement in the following areas:

- Foster Care Aids & Adaptations;
- Payroll leavers;
- Tax compliance and Controls;
- Children's Social Care Recruitment – Agency Staff Invoicing;
- Social Care Cash Imprest Accounts; and
- Duplicate Payments.

### **Grant Assurance Reviews**

2.6 Further work was also undertaken in connection with grant funding schemes in response to the COVID-19 pandemic, primarily responding to Central Government requests for supporting information and/or assurance statements to ensure grant funding has been utilised as intended. Requests for this type of work have been both frequent and received at relatively short notice.

2.7 The team completed 19 separate pieces of grant assurance work during 2022/23 in connection with both COVID-19 related and non COVID-19 related grants, with an expectation that further requests for this type of assurance work will continue. Each piece of assurance work requires verification of significant expenditure and, as such, each represents a small, targeted audit in itself.

### **Other Work Undertaken**

2.8 In addition to our annual FFS work on Adult Social Services in connection with Direct Payments and Residential Care the Team continues to contribute to Adult Social Care Service working groups to address the concerns raised in the FFS audit reports in these areas. As a result of these discussions, the Team now assist the Service by the Direct Payment (DP) Auditors invoicing for DP overpayments as soon as the DP audit is concluded. We commenced this invoicing in January 2023. This change had an immediate impact on the time taken to raise an invoice which fell from approximately 65 days to approximately 1.5 days, with consequent increases in the levels of recovery and reduction in outstanding unused DP balances in client accounts. Average days to recover unspent funds is now 5 days following the raising of the invoice.

2.9 Other work underway at 31 March 2023 included reviews of:

- Housing Strategy implementation;
- Land Sales Programme;
- North Chadderton High School Extension pre-contract procurement review;
- Semi Independence Units (follow-up review);
- Out of Borough Education;
- Spindles pre-contract procurement review;
- Diggle Clock Tower pre-contract procurement review;
- Old Museum / Library pre-contract procurement review; and
- Egyptian Room pre-contract procurement review.



As at the date of this report, the North Chadderton High School Extension Draft Report has been issued. The majority of the remainder of these reviews are expected to reach draft report stage by the end of June 2023. The findings from these reviews will be reported to Members in due course.

- 2.10 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.

### **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:

- 114 cases of non-CTR fraud/misuse of funds including Business Support Grants, Council Tax Single Person Discount fraud (SPD), Blue Badge misuse and Direct Payment misuse;
- £153,096 of non-CTR fraud/misuse;
- 62 cases of ineligible claims for Council Tax Reduction (CTR);
- £95,016 of Housing Benefit ineligibility and overpayments (identified as part of the CTR investigations); and
- £63,948 of ineligible claims for Council Tax Reduction (CTR).

- 3.3 In addition to the above the Counter Fraud Team has supported as required with internal staff investigations during the year.

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

- Collaborate with the Internal Audit Team; and
- Ensure the delivery of the Internal Audit and Counter Fraud Plan 2022/23.

### **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; and
- Identifying overpayments made / or client contributions outstanding for recovery.

- 4.2 Appendix 3 shows the monthly Direct Payments Audit volumes and financial outcomes arising for both Adults and Children's Services, which are £2,865,466 and £188,976 (respectively). In total the team carried out 1,483 Adults and Children's Direct Payment Audits.

### **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 2022/23 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 2022 to 31 March 2023
- **Appendix 2:** Counter Fraud Results – 1 April 2022 to 31 March 2023
- **Appendix 3:** Direct Payments Results – 1 April 2022 to 31 March 2023

## Audit and Counter Fraud 2022/23 - Summary of Audit Reports/Outcomes - 1 April 2022 to 31 March 2023

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
1	Chief Executive	2021/22 Final Report – Council Tax	Report	Q1	Inadequate
2	Chief Executive	2021/22 Final Report – Business Rates (NDR)	Report	Q1	Adequate
3	Chief Executive	2021/22 Final Report – Treasury Management	Report	Q1	Good
4	Chief Executive	2021/22 Final Report – Bank Reconciliations	Report	Q1	Good
5	Chief Executive	2021/22 Final Report – Payroll	Report	Q1	Adequate
6	Chief Executive	2021/22 Final Report – Housing Benefit	Report	Q1	Adequate
7	Chief Executive	2021/22 Final Report – Council Tax Reduction	Report	Q1	Adequate
8	Chief Executive	2021/22 Final Report – Accounts Payable	Report	Q1	Adequate
9	Chief Executive	2021/22 Final Report – Accounts Receivable	Report	Q1	Adequate
10	Chief Executive	2021/22 Final Report – Direct Payments	Report	Q1	Inadequate
11	Chief Executive	2021/22 Final Report – Residential Care	Report	Q1	Inadequate
12	Chief Executive	2021/22 Final Report – Fixed Assets	Report	Q1	Adequate
13	Chief Executive	Prevention and Promotion for Better Mental Health	Grant Assurance	Q1	Assurance
14	Chief Executive	Universal Drug Treatment Grant	Grant Assurance	Q1	Assurance
15	Chief Executive	Public Sector Decarbonisation Grant (AGMA) – Low Voltage Lighting	Grant Assurance	Q1	Assurance
16	Chief Executive	Public Sector Decarbonisation Grant (OMBC) – Alexandra Park	Grant Assurance	Q1	Assurance
17	Chief Executive	RED WoLF - Rethink Electricity Distribution Without Load Following	Grant Assurance	Q1	Assurance
18	Chief Executive	Omicron Hospitality and Leisure Grant Pre & Post Payment Assurance (PPAS)	Grant Assurance	Q1	Assurance
19	Chief Executive	Additional Restrictions Grant Pre & Post Payment Assurance (PPAS)	Grant Assurance	Q1	Assurance
20	Chief Executive	COVID-19 Business Grants Fraud and Error Assurance	Grant Assurance	Q1	Assurance
21	Chief Executive	Local/Mayoral Election - Post Votes Review	Report	Q1	Advisory

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
22	Chief Executive	Local Elections Postal Vote Checks	Briefing note	Q1	Advisory
23	Place & Economic Growth	2021/22 Draft Final Report – Cash Income (Building Control)	Report	Q2	Adequate
24	Place & Economic Growth	2021/22 Draft Final Report – Cash Income (Fleet Management)	Report	Q2	Adequate
25	Children & Young People	St Joseph's Primary	Report	Q2	Inadequate
26	Chief Executive	Contain Outbreak Management Fund	Grant Assurance	Q2	Assurance
27	Chief Executive	Test and Trace Support Payments	Grant Assurance	Q2	Assurance
28	Children & Young People	Glodwick Infant and Nursery School	Report	Q2	Adequate
29	Chief Executive	Local Restrictions Support Grant (Closed) Addendum 5 Pre & Post Payment Assurance (PPAS)	Grant Assurance	Q3	Assurance
30	Children & Young People	Foster Care Aids & Adaptations	Briefing note	Q3	Advisory
31	Chief Executive	Payroll Leavers Query	Briefing note	Q3	Advisory
32	Chief Executive	IR35 Procedures and Controls	Briefing note	Q3	Advisory
33	Miocare CIC	Fundamental Financial Systems Review	Report	Q3	Assurance
34	Chief Executive	Local Transport Capital Block Funding Grant (Pothole Fund) 31/5506	Grant Assurance	Q3	Assurance
35	Chief Executive	RED WoLF - Rethink Electricity Distribution Without Load Following	Grant Assurance	Q3	Assurance
36	Chief Executive	Reduces – Developing sustainable business models / structures.	Grant Assurance	Q3	Assurance
37	Chief Executive	Foundations - Building regional resilience to industrial structural change.	Grant Assurance	Q3	Assurance
38	Chief Executive	Coalesce - Community Owned and Led Energy for Security Climate Change and Energy	Grant Assurance	Q3	Assurance
39	Chief Executive	Restart Grant Pre & Post Payment Assurance (PPAS)	Grant Assurance	Q3	Assurance
40	Chief Executive	Postal Vote Integrity Review - Hollinwood By-Election	Report	Q3	Advisory
41	Adult Social Care	2022/23 Draft Action Plan – Direct Payments	Action Plan	Q4	Advisory

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
42	Adult Social Care	2022/23 Draft Action Plan – Residential Care	Action Plan	Q4	Advisory
43	Children & Young People	Children's Social Care Recruitment – Agency Staff Invoicing	Briefing note	Q4	Advisory
44	Public Health	Adult Weight Management Grant	Grant Assurance	Q4	Assurance
45	Children & Young People	Social Care Cash Imprest Accounts	Briefing note	Q4	Advisory
46	Chief Executive	Duplicate Payments	Briefing note	Q4	Advisory
47	Place and Economic Growth	Let Estate	Report	Q4	Inadequate
48	Chief Executive	2022/23 Draft Action Plan – Accounts Payable	Action Plan	Q4	Advisory
49	Place and Economic Growth	Alexandra Park Eco Centre	Report	Q4	Adequate
50	Chief Executive	2022/23 Draft Action Plan – Council Tax Reduction Scheme	Action Plan	Q4	Advisory
51	Chief Executive	2022/23 Draft Action Plan – Housing Benefit	Action Plan	Q4	Advisory
52	Chief Executive	2022/23 Draft Action Plan – Payroll	Action Plan	Q4	Advisory
53	Chief Executive	2022/23 Draft Action Plan – Treasury Management	Action Plan	Q4	Advisory
54	Chief Executive	2022/23 Draft Action Plan – Fixed Assets	Action Plan	Q4	Advisory
55	Chief Executive	2022/23 Draft Action Plan – Bank Reconciliations	Action Plan	Q4	Advisory
56	Children & Young People	Home to School Transport	Report	Q4	Inadequate
57	Chief Executive	2022/23 Draft Action Plan – Business Rates	Action Plan	Q4	Advisory
58	Chief Executive	2022/23 Draft Action Plan – Council Tax	Action Plan	Q4	Advisory
59	Chief Executive	2022/23 Draft Action Plan – Accounts Receivable	Action Plan	Q4	Advisory
60	Children & Young People	Supporting Families Assurance Statement	Grant Assurance	Q4	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
Poor	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 2022/23

Counter Fraud Results 1 April 2022 to 31 March 2023

<b>Counter Fraud Team Performance Monitoring 2022/23</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Total</b>
Corporate Cases - Positive Results	58	10	18	28	114
Fraud and Error Overpayments identified as part of Corporate Cases (£)	£70,487.46	£53,591.92	£15,380.40	£13,636.34	£153,096.12
CTR cases amended as a result of an investigation	12	8	10	32	62
HB Fraud and Error Overpayments identified as part of a CTR investigation (£)	£32,179.15	£22,000.14	£26,914.19	£13,923.28	£95,016.76
CTR Fraud and Error Overpayments identified (£)	£10,462.14	£18,676.11	£29,308.22	£5,502.42	£63,948.89
<b>Financial Outcomes</b>	<b>£113,128.75</b>	<b>£94,268.17</b>	<b>£71,602.81</b>	<b>£33,062.04</b>	<b>£312,061.77</b>



**Audit and Counter Fraud 2022/23**

Direct Payments Results 1 April 2022 to 31 March 2023

**Adults Social Care**

<b>Financial Year 2022/23</b>	<b>Number of Audit Reviews</b>	<b>Total Direct Payment and Financial Contribution for Recovery</b>
April	129	£372,125.60
May	83	£188,483.36
June	91	£237,602.47
July	153	£392,376.24
August	98	£251,587.73
September	85	£263,925.00
October	128	£287,061.97
November	86	£191,315.25
December	55	£98,473.79
January	87	£214,406.04
February	127	£442,646.17
March	109	£212,525.22
<b>Total</b>	<b>1,231</b>	<b>£2,865,466.87</b>

## Children and Young People

Financial Year 2022/23	Number of Audit Reviews	Total Direct Payment for Recovery
April	20	£10,846.10
May	10	£8,805.31
June	7	£10,707.09
July	17	£9,205.66
August	18	£10,943.14
September	20	£10,849.51
October	10	£5,052.47
November	44	£55,796.92
December	29	£16,477.98
January	24	£11,912.94
February	4	£4,673.60
March	49	£33,705.68
<b>Total</b>	<b>252</b>	<b>£188,976.40</b>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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