

AUDIT COMMITTEE Supplementary Agenda

Date Tuesday 26 March 2024

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 Constitutional Services at least 24 hours in advance of the meeting.

2. CONTACT OFFICER for this agenda is Tel. 0161 770 5151 or email constitutional.services@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 on Thursday, 21 March 2024.

4. FILMING - The Council, members of the public and the press may record / film / photograph or broadcast this meeting when the public and the press are not lawfully excluded. Any member of the public who attends a meeting and objects to being filmed should advise the Constitutional Services Officer who will instruct that they are not included in the filming.

Please note that anyone using recording equipment both audio and visual will not be permitted to leave the equipment in the room where a private meeting is held.

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Please also note the Public attendance Protocol on the Council's Website

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MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors Akhtar, Al-Hamdani, Arnott, S. Bashforth, Birch, Davis, Salamat and Sykes



Oldham
Council

- 14a Draft Annual Audit Report and Draft Follow Up Letter (Pages 1 - 54)
External Auditor's Annual Report and Audit Completion report for 2022/23

Auditor's Annual Report

Oldham Metropolitan Borough Council –
year ended 31 March 2023 Draft

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March 2024



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[Appendix A: Further information on our audit of the financial statements](#)

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Oldham Metropolitan Borough Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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01

Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Oldham Metropolitan Borough Council ('the Council') for the year ended 31 March 2023. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



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Opinion on the financial statements

We issued our audit report on [insert date]. Our opinion on the financial statements was unqualified.

Value for Money arrangements

In our audit report issued we reported that we had completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Council's arrangements.



Wider reporting responsibilities

The Council is below the threshold for detailed testing as set out by the NAO in their group instructions. We will report this to the group auditor in line with their instructions on completion of the audit. The NAO are in the process of selecting a sample of Councils below the threshold for detailed testing.

We are unable to issue our audit certificate until the NAO confirms whether the Council is included in this sample.

The Local Audit and Accountability 2014 Act gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions

02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2023 and of its financial performance for the year then ended. Our audit report, issued on [insert date] gave an unqualified opinion on the financial statements for the year ended 31 March 2023.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Our Audit Completion Report, presented to the Council's Audit Committee on 31 October 2023, and our follow up Audit Completion Letter provides further details of the findings of our audit of the Council's financial statements. This includes our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during the course of the audit.

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Section 03:

Commentary on VFM arrangements

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3. Commentary on VFM arrangements

Overall summary

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3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services



Governance - How the Council ensures that it makes informed decisions and properly manages its risks



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**
We make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations**
We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

3. VFM arrangements – Overall summary

Overall summary by reporting criteria

| Reporting criteria | Commentary page reference | Identified risks of significant weakness? | Actual significant weaknesses identified? | Other recommendations made? |
|--|---------------------------|---|---|-----------------------------|
|  Financial sustainability | 13 | No | No | No |
|  Governance | 16 | No | No | No |
|  Improving economy, efficiency and effectiveness | 19 | No | No | No |

3. Commentary on VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to financial sustainability in 2022/23

The Council entered the 2022/23 financial year with the effect of the pandemic easing however there has been continued financial and operational challenges posed by the legacy of the Covid-19 pandemic particularly on Adult Social Care and Children's Social Care. All Covid related funding ceased at the end of 2021/22 therefore, the Council has had to address the pressures from its own resources. In addition, there have been other pressures in the year, including inflation impacting energy and general commodity prices, which has led to wage inflation. The Council's financial sustainability challenges from the legacy of the pandemic and economic issues will continue through the medium term and this places considerable pressure on the Council to maintain effective financial sustainability arrangements.

The Council's financial planning and monitoring arrangements

In March 2022 the Council set a balanced budget for the 2022/23 financial year with a total net budget for Council services of £274.9m. This required an increase in Council Tax of 3.99% (including 2% Adult Care precept). Throughout the year the Council regularly updated its budget forecast, enabling budgets to remain up-to-date in the fast-changing and uncertain operating environment. The final net budget reported for the year was £309.1m, the increase predominantly caused by Council tax energy rebate scheme. Within the original budget approved in March 2022, the Council had identified a budget reduction (savings) requirement of £6.3m alongside the use of £23.3m of reserves.

The Council's financial planning and budgeting arrangements are well established and include a wide range of activities and consultations. The budget setting process includes engagement with senior Council officers and incorporates discussion about the delivery of statutory services/priorities and the impact on resources. Where additional resources are required these are scrutinised and challenged before they are included in the budget estimates. Workshops with officers and members are a key part of the budgeting arrangements, and these are detailed and extensive.

The Council approved £6.3m of budget savings from directorates, these are monitored on a month by month basis and reported to Cabinet quarterly. The monitoring includes a traffic light assessment of the risk that the savings plans can be delivered. During the year it was identified that a number of schemes were assessed as amber and red, and remedial action was taken to address the risk. At the outturn £3.4m of the savings were delivered.

The Council reported its revenue outturn position for 2022/23 as an overall overspend of £1.1m. During the year, the Council provided regular reports of its financial position to Cabinet between months 3 (June 2022) and 9 (December 2022). We have reviewed a sample of the reports presented for 2022/23. These reports were detailed and comprehensive and incorporate monitoring of the revenue budget, the capital programme and a wide range of other financial measures. The Council follows an established timetable for reporting to Cabinet which includes reporting to directorate management teams and the strategic management team.

The Council's arrangements for identifying, managing and monitoring funding gaps and savings

The overspend in 2022/23 was mainly due to Children's Social Care, Place & Economic Growth and Adult Social Care, the drivers of the overspend is increasing demand due to homelessness, increased demand for children's social care placements, and care costs for individuals discharged from hospital, as the Hospital Discharge Programme ceased. The Council has in place a programme of change based around demand management. Income maximisation and Service review. For example, there is work in preventative services in targeted youth provision and early help service to work to keep families together.

The Council produces a Medium-Term Financial Strategy (MTFS) each year alongside its annual budget. The MTFS sets out the resources available to deliver the Council's overall commitment to provide services that meet the needs of people locally over a five year period.

A key part of the MTFS is to highlight the budget issues that need to be addressed by the Council in each of the years covered. It reflects assumptions made to allow forecasting of the level of available resources from all sources together with the budget pressures relating to both capital and revenue spending. It also assesses the adequacy of reserves held which may impact on the Council's resources.

The Council's budget setting process, which begins in the summer, is a detailed and comprehensive process. There is detailed consultation and discussion with officers and members on the assumptions and principles on which the budget is to be based. As part of the budget setting process, the Council explicitly identifies its budget reduction requirements for the following years through detailed consideration of the budgetary pressures, funding estimates, and impact of national and local initiatives and policies. A range of officer workshops are held to review proposals for budget reductions with each proposal supported by evidenced assessments of deliverability. Proposals are subject to consultation with staff, officers and members and are presented to meetings attended by Cabinet & Deputy Cabinet Members and senior officers, Overview & Scrutiny, and Cabinet before submission to, and approval at, Full Council. We reviewed a range of the budget preparation documents and meetings held as part of the budget setting process. Our review confirmed that the documents were comprehensive and detailed and the workshops and meetings were timely and delivered the intended outcomes to assist with the budget preparation.

The budget reduction requirement identified in the MTFS 2022/23 to 2024/25 for 2022/23 was £33.8m with a further £43.7m required in the following two years. In setting the 2022/23 budget and MTFS, the budget reduction requirement for the period 2022/23 to 2024/25 was £25.4m after the use of £29.5m of reserves and after applying other budget reduction schemes. The budget reports for each year are clear on the means by which the savings will be delivered and clearly articulate the size of the challenge the Council faces in the medium term.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

Council's arrangements and approach to 2023/24 financial planning

The Council's arrangements for the 2023/24 budget setting process largely followed the arrangements in place for 2022/23.

The budget for 2023/24 was approved at the February 2023 Council meeting. The Council set a balanced budget with a total net budget for Council services of £309.6m with an increase in Council Tax of 3.99% (including 2% Adult Care precept). The budget included £16.3m of budget reduction proposals and £12.9m use of reserves.

We have reviewed the supporting evidence relating to the preparation of the 2023/24 budget and these demonstrate that the arrangements are consistent with the previous year, detailed and robust and properly applied.

The budget reductions identified as part of the 2023/24 budget setting and medium term financial strategy were £7m for 2024/25, £1.1m for 2025/26, for the following two years there are no proposed budget reductions that will impact these years. These reductions are after the delivery of budget reductions approved in the 2021/22 and 2022/23 budgets, and the planned use of £15m of reserves to support the budget. These levels of budget reductions require the Council to continue to make difficult decisions on resource deployment and prioritisation. The continued use of reserves to underpin the budget is not sustainable in the long term.

The Council's approach to delivering a balanced budget includes the delivery of a transformation programme, this has been re-engineered during 2022/23 based on the updated corporate plan and the Council's approach to delivery of its new corporate objectives. These are based on demand management, income maximisation and service review. This is managed through the Change and Transformation Board and led by the deputy Chief Executive. The programme has identified the investment needed to deliver the long-term recurrent savings.

Overall the Council faces a challenging financial environment, that requires close monitoring of savings plans, awareness of the changing environment as demand for services continues to increase. The Council has planned to use earmarked reserves to invest in the transformation programme, however it should be noted that there cannot be continued reliance on reserves to balance the budget, as this is not sustainable in the long term.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability.

3. Commentary on VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

The Council's risk management and monitoring arrangements

The Council has a well established risk management system in place and embedded in the governance structure of the organisation. The risk management arrangements incorporate service and directorate risk registers informed by detailed assessments of the key risks impacting on each area. These detailed registers inform the Council's corporate risk register which sets out the key strategic and corporate risks. The risk registers apply a risk score both before and after mitigation measures and enable the Council to manage the risks actively and take action where necessary. We have reviewed the risk management strategy along with examples of service risk registers and the corporate risk register. Our review confirms the strategy is clear and detailed, and the registers appear comprehensive, containing sufficient and appropriate detail for Council officers and members.

The Council reports its risk registers through its governance framework, culminating in regular reports to the Audit Committee. Our attendance at the Audit Committee meetings has confirmed that the Committee understands its role in the risk management framework. It provides challenge to management on the risk registers and corresponding risks and mitigating actions.

The Council has a team of internal auditors, led by the Head of Internal Audit and Counter Fraud, who provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. The audit plan is based on an assessment of risks the Council faces and is determined to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work is supplemented by ad hoc reviews in respect of suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2022/23 and 2023/24 and confirmed they are consistent with the risk based approach. The Council has comprehensive anti-fraud and corruption policies which are updated as required. In 2022/23 there was a significant focus of the Council's anti-fraud work was in implementing processes to minimise any loss on via Direct payments in Childrens and Adult Social care by monitoring client spending is in line with the agreed Support Plan.

Internal Audit progress reports are presented to each Audit Committee meeting, including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Internal Audit provides an opinion based on the work completed during the year. For 2022/23 the Head of Internal Audit concluded that an adequate level of assurance could be given that the Council's overall framework of governance, risk management and control remains appropriate and has been complied with. Whilst this reflected the significant impact of the pandemic, the annual report highlighted the significant improvements that continued to be made in key control areas.

Throughout the year we have attended all Audit Committee meetings. These meetings have received regular updates on both internal audit progress and risk management. Audit Committee members engage with the reports and challenge the papers and reports which they receive from management, internal audit and external audit.

Council arrangements for budget setting and budgetary control

The 2022/23 Budget Report was approved in March 2022, setting out the estimates of the financial challenge for the financial year 2022/23 and following years. During 2022/23, this was updated regularly and the likely financial position for 2022/23 and 2023/24 was reported to Cabinet. Monthly financial monitoring reports were prepared for 2022/23 which highlighted key issues which may impact on 2023/24, with the financial monitoring reports presented to senior managers, Members and then to Cabinet for approval. It was noted throughout the year that there was significant pressures arising from Childrens Social Care and Community Health & Adult Social Care. This was monitored closely with actions being taken to mitigate the impact. During the summer months of 2022, there were a series of officer and member workshops to consider the updated financial position and to agree budget reduction proposals for consultation with staff and the public.

Members were engaged closely in discussions about the level of Council Tax and have appropriate reports on the council tax base information. Members agreed to use the opportunity to increase this by the maximum of 2%. This was linked to a pledge to support the adoption of the Living Wage Foundation National Living Wage for adult social care providers. This resulted in a final increase of 3.99%.

The Council has well established budget monitoring arrangements in place. The Finance service is configured to align to the Council's management portfolio structure. Members of the Finance Team are assigned to specific service areas and work closely with cost centre managers to review, discuss and agree the financial pressures/ issues impacting on specific service areas. At the end of each month, a Portfolio dashboard is prepared which contains all relevant financial information. Forecasts are produced for cost centres, service areas and the whole Portfolio. These are discussed and agreed with relevant Directors and managers.

There is a detailed budget monitoring timetable to which the Finance service works to ensure that reports are timely. Overall financial monitoring reports are prepared encompassing the whole Council position for both Capital and Revenue. During 2022/23, these budget monitoring reports were prepared for Cabinet for months 3 through to 9. The format of the report has been subject to review to ensure relevant information was available.

Budget monitoring reports were also presented to the Performance and Value for Money Overview and Scrutiny Committee for consideration.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Council arrangements for budget setting and budgetary control (continued)

The Council has well established budget monitoring arrangements in place. The Finance service is configured to align to the Council's management portfolio structure. Members of the Finance Team are assigned to specific service areas and work closely with cost centre managers to review, discuss and agree the financial pressures/ issues impacting on specific service areas. At the end of each month, a Portfolio dashboard is prepared which contains all relevant financial information. Forecasts are produced for cost centres, service areas and the whole Portfolio. These are discussed and agreed with relevant Directors and managers.

There is a detailed budget monitoring timetable to which the Finance service works to ensure that reports are timely. Overall financial monitoring reports are prepared encompassing the whole Council position for both Capital and Revenue. During 2022/23, these budget monitoring reports were prepared for Cabinet for months 3 through to 9. The format of the report has been subject to review to ensure relevant information was available.

Budget monitoring reports were also presented to the Performance and Value for Money Overview and Scrutiny Committee for consideration.

Council decision making arrangements and control framework

The Council's decision making arrangements are established in the Council Constitution. Decisions are either made by members (Council, Cabinet, or other decision making committees) or delegated to Cabinet portfolio leads, or officers.

All Cabinet and Key Decision reports include Statutory Officer Comments and Risks, and an assessment of financial impacts and other key impact areas such as human resources, IT and property. The Council has a range of overview and scrutiny committees that challenge and scrutinise Council decisions.

The Council operates an Audit Committee which has the appropriate status in the organisation to challenge management and obtain assurance on the operation of the internal control framework. The Committee has an agreed workplan and where necessary asks management to report on specific internal control issues. The Audit Committee met regularly throughout the year and routinely considered key reports on internal controls. During the year the Committee identified that it required additional assurance on the Council's partnership arrangements. Consequently a partnership dashboard was developed which identified and reported the potential risks to the Council from its partnership arrangements.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to governance.

3. Commentary on VFM arrangements

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

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3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

The Council's arrangements for assessing performance and evaluating service delivery

The Council prepares performance monitoring and financial monitoring reports which are presented to senior management, Cabinet and Overview & Scrutiny Committee. The overarching financial monitoring position is included in the performance reports. During 2022/23, financial monitoring reports provided information about the financial pressures being experienced. This highlighted new or increased service demand in some areas. These reports also focused on the continued impact of Covid-19, including the impact of the government initiatives and policies on the Council's financial and operational performance. These reports are also used to identify service delivery challenges, for example where increased costs are incurred to address service backlogs or underlying underperformance. Where such issues are highlighted through financial monitoring, the resources required as an investment to address this are identified. Performance reporting was revised through the year to take account of the circumstances.

The Council agrees and establishes a range of performance indicators for all directorates. These indicators are reviewed by services and reported initially to senior officers so that issues requiring action are understood including additional investment. Corporate performance reports are reported to senior management and members. During 2022/23, performance monitoring reports were prepared for the Performance and Value for Money Overview & Scrutiny Committee. We have reviewed a sample of these reports and this confirmed that they clearly articulate the Council's performance and contain appropriate and detailed information.

The Council has a business planning process which requires detailed business plans to be agreed with respective Cabinet Members. Key performance indicators and measures then are encompassed within the corporate performance report. The Directorate plans are managed and monitored using a standard format.

During 2022/23 performance updates are required from responsible officers at the end of each quarter, with a strict requirement for adherence to timelines. The business planning cycle has been closely aligned to the risk management process through work undertaken in 2021/22.

In addition to the corporate performance reporting, the Council has a range of internal performance and management information dashboards which enable it to evaluate performance and identify areas for improvement. For example Oldham safeguarding Children's Partnership dashboard, we have reviewed a sample of these dashboards and this confirmed that they clearly articulate the Council's performance and are appropriate for managing performance.

The Council's arrangements for effective partnership working

The Council monitors its delivery on key partnerships including an ongoing assessment of risk as set out in the Partnership Dashboard which reports regularly to the Audit Committee. This identifies both current issues and emerging issues, for example, where there are plans to set up new partnerships to deliver key future priorities. As at 31 March 2023 the assessment of risk on partnerships operated by the Council was reported as low. The Council's key partnerships include NHS Greater Manchester ICP (Integrated Commissioning Partnership) taking responsibility from Oldham Clinical Commissioning Group (CCG) and its wholly owned subsidiary company, MioCare Community Interest Company and Unity Partnerships Ltd. During 2022/23 the Council brought Unity Partnerships Ltd in-house.

Miocare is a Council owned company and works closely with the Council as its significant customer. There are key governance arrangements in place within the Council to ensure efficient oversight of the company including annual reports to Scrutiny Committees and the Council appointing Members to the company Board.

During 2022/23 the Council continued to work closely with the ICP to manage services with the significant impact of the Covid-19 pandemic on health and social care. The Council is party to a pooling of funds with the ICB and operates joint scrutiny arrangements to oversee the joint working arrangements. During 2022/23 some joint management responsibilities were in place across the Council and the ICP these remain unchanged from 2021/22. The Council has a joint Commissioning Partnership Board on which the Leader and Cabinet Members for Adult Social Care represent the Council. This Board oversees the pooled fund agreement and receives financial performance reports relating to the arrangement.

There has been an inspection of SEND and the Oldham Local Area Partnership in October 2023, which identified systemic failings, the report identifies that the partnership continues to be tied in legacy commissioning arrangements. In addition there is a lack of strategic oversight of priorities, clarity of responsibility. The Council in response to the findings of the report have developed a priority action plan, a review finds that the programme has established priority areas aligned to the findings of the external inspection, with owners and clear success criteria, timescales and monitoring of progress to date. The action plan now forms part of the overall SEND and Inclusion Improvement Programme that underpins the SEND and Inclusion strategy 2023-2027.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

The Council's arrangements for procurement and commissioning services

The Council's Constitution contains a chapter on the Contract Procedure Rules. This sets out the detailed process that the Council must follow when procuring goods or services. We have reviewed the procedure rules and this confirms that they are comprehensive and cover the procedures, the quotation and tender process, using frameworks, post tender evaluation and contract monitoring procedures.

The Council has an experienced Commercial Procurement Unit leading on procurement and commissioning. The team appoints 'Category Leads' who work closely with commissioners to develop the forward view pipeline over the medium term. This enables the Council to be able to plan its procurement and commissioning activities well in advance. We reviewed the pipeline and confirmed it was detailed and comprehensive and facilitated the Council's proactive management of its procurement over the medium term.

The category lead role includes working with commissioners to develop the specifications, identifying opportunities for possible collaboration or amalgamation of contracts, engaging with the market, developing KPIs, reviewing contract management information, maintaining an active dialogue with suppliers, and ensuring that the contracts stay up to date through the contract period.

Where contract management information suggests that contracts are not being delivered to the specification, the Council engages with suppliers to put in place improvements. Maintaining a routine dialogue with suppliers is crucial in managing the relationship and in ensuring disputes and disagreements are minimised or avoided.

The Council established the expected outcomes and benefits from procurement in a series of key performance indicators in each contract. These are tailored specifically to the specification of each contract and are actively monitored to ensure the benefits are being delivered. Regular dialogue between the category leads and the Council's commissioners and suppliers ensures the delivery benefits are up to date and remain appropriate through the contract, and that any innovation or efficiencies identified is included in updated contract terms. We reviewed a sample of procurement monitoring reports and key performance indicators and confirmed that they were detailed and appropriate.

The work of other regulators

During the year the Council invited peers from the Local Government Association (LGA) to take part in a Corporate Peer Challenge. The findings of the review were published in January 2024 and highlighted positives such as the transformation of the town centre, clear corporate priorities and effective performance management.

The report also made nine recommendations for improvement particularly around the link between transformation and the improvement programmes, financial balance without reliance on reserves, and a review of the Oldham Plan and the way the Council works with partners and building the Council's brand further. In response to the recommendations the Council has developed an action plan which is being delivered over 2024/25. The findings and recommendations from the review have fed into the development of the Council Plan for 2024/25.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

3. Commentary on VFM arrangements

Identified significant weaknesses in arrangements and our recommendations

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3. Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified no significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

04

Section 04:

Other reporting responsibilities and our fees

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4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We will report to the group auditor in line with their instructions on completion of the audit. The NAO are in the process of selecting a sample of Councils below the threshold for detailed testing.

We are unable to issue our audit certificate until the NAO confirms whether the Council is included in this sample.

4. Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee on 20th July 2023. Having completed our work for the 2022/23 financial year, we can confirm that our fees are as follows:

| Area of work | 2021/22 fees | 2022/23 fees |
|---|-----------------|-----------------|
| Planned fee in respect of our work under the Code of Audit Practice | £104,428 | £125,673 |
| Recurrent scope changes: Additional testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations | £22,175 | - |
| Value for money work: Additional work arising from the change in the Code of Audit Practice | £12,500 | £12,500 |
| Additional requirements for Oldham MBC: Other additional costs related to Enhanced Audit Reporting | £5,625 | - |
| In year additional work: new accounting standards Implementation of ISA315 (Revised) | - | £10,000 |
| In year additional work: accounting for Infrastructure Assets | £15,000 | - |
| In year additional work: Manchester Airport shares valuation | £2,000 | £2,000 |
| In year additional work: LGPS Pension work | £5,000 | - |
| In year additional work: Group consolidation – consideration of Meridian investment | £5,000 | - |
| In year additional work: Questions from LG elector | £8,000 | - |
| In year additional work: Implementation of ISA540 (Revised) | - | £2,500 |
| In year additional work: in respect of net pension asset ceiling | - | £10,000 |
| Total Fees | £179,728 | £162,673 |

We confirm that we have not undertaken any non-audit services for the Council in the year.



Appendix

Page 25

A. Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

| | |
|--|---|
| Management override of controls | <p>Description of the risk</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p> |
| | <p>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements. |
| | <p>Audit conclusion</p> <p>We completed our procedures as planned. There are no matters arising in respect of our work on management override of controls.</p> |

A. Further information on our audit of the financial statements

Valuation of property, plant and equipment (Council)

Description of the risk

The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end. Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in government guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.

How we addressed this risk

Our audit procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council's instructions to the valuer.
- Obtaining an understanding of the basis of valuation applied by the valuer in the year.
- Obtaining an understanding of the Council's approach to ensure that assets not subject to revaluation in 2022/23 are materially fairly stated.
- Obtaining an understanding of the Council's approach to ensure that assets revalued through 2022/23 are materially fairly stated at the year end.
- Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.
- Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2023.
- Testing the accuracy of how valuation movements were presented and disclosed in the financial statements

Audit conclusion

Our detailed testing identified a number of errors in the valuations used in the accounts however the new impact of these errors are not material. Further detail is provided in the section below. There are no other matters arising.

A. Further information on our audit of the financial statements

| | |
|---|---|
| Valuation of investment properties (Council) | <p>Description of the risk</p> <p>The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The valuation of Investment Property involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.</p> |
| | <p>How we addressed this risk</p> <p>Our audit procedures will include:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council's instructions to the valuer. • Obtaining an understanding of the basis of valuation applied by the valuer in the year. • Obtaining assurance on the appropriateness of the methodology and assumptions adopted by the Council's valuer. • Comparing the valuation to our external valuation expert's estimate of the valuation. • Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations. |
| | <p>Audit conclusion</p> <p>We completed our procedures as planned. There are no matters arising in respect of our work on investment properties.</p> |

A. Further information on our audit of the financial statements

Valuation of Council's and the Group's defined benefit pension liability (Council and Group)

Description of the risk

The net pension liability represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2022. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's and the subsidiaries' overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's and the subsidiaries' employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's or the subsidiaries' circumstances. This could have a material impact to the Council and Group net pension liability in 2022/23.

How we addressed this risk

Our procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary.
- Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the Pension Fund has designed and implemented controls to prevent and detect material misstatement. This includes the controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation of the gross asset and liability is complete and accurate.
- Evaluating and challenging the work performed by the Pension Fund auditor on the Pension Fund investment assets, and considering whether the outcomes would materially impact our consideration of the Council's share of Pension Fund assets.
- Reviewing the actuarial allocation of Pension Fund assets to the Council by the actuary, including comparing the Council's share of the assets to other corroborative information.
- Reviewing the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This includes comparing them to expected ranges, utilising information provided by PwC, consulting actuary engaged by the National Audit Office.
- Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.

Audit conclusion

Our detailed testing has identified two errors.

The first relates to Oldham Council's allocated share of an error identified by the Greater Manchester Pension Fund (GMPF) auditor as part of their testing of pension assets.

The impact of this error is not material. Further detail on this error is outlined in the section below.

The other error relate to revised pension asset ceiling calculations. The Council received updated calculations from the actuary based on an indefinite life for the Council. The updated calculations for the Council have led to material adjustments in the financial statements.

A. Further information on our audit of the financial statements

Key areas of management judgement

| | | |
|---------|--|--|
| Page 30 | Valuation of shareholding in Manchester Airport (Council) | Description of the management judgement <p>The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2023. The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.</p> |
| | | How our audit addressed this area of management judgement <p>Our approach to auditing the investment in Manchester Airport Holdings Limited includes the involvement of the Mazars in-house valuation team.</p> <p>The Mazars in-house valuation team reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.</p> |
| | | Audit conclusion <p>We completed our procedures as planned. There are no matters arising in respect of our work on the valuation of the shareholding in Manchester Airport.</p> |
| | | |

A. Further information on our audit of the financial statements

Summary of uncorrected misstatements

| Details of adjustment | Assets | Liabilities | Reserves | Income statement |
|--|--------------|---------------|---------------|------------------|
| Dr Income | | | | 858 |
| Cr Creditors - RIA | | -858 | | |
| Description of adjustment | | | | |
| During our testing of creditors we identified that the art gallery expenditure to restore art works was £17.8k, the amount released from Receipts in Advance to the art gallery income code was £19.2k (Insurance monies paid to the Authority in advance of works) a difference of £1.4k. Applying our audit methodology we extrapolated this £1.4k error, and if the error was representative of the whole population, the Receipt in advance and Cost of Services income would both be misstated by £858.5k. We are satisfied this is not material. As the actual error is only £1.4k the Council's finance team have decided not to amend the statement of accounts. | | | | |
| DR Pension assets | 3,292 | | | |
| CR Pension reserve | | | -3,292 | |
| Description of adjustment | | | | |
| Oldham Council's allocated share of the error identified by the greater Manchester Pension Fund (GMPF) auditor as part of the testing of assets. | | | | |
| DR PPE | 809 | | | |
| CR Revaluation reserve | | -809 | | |
| Description of adjustment | | | | |
| An understatement of the PPE balance due to the fixed asset register recording an inaccurate value of an asset. | | | | |
| TOTAL UNCORRECTED MISSTATEMENTS | 4,101 | -1,667 | -3,292 | 858 |

Daniel Watson

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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27 March 2024

Dear Members

Conclusion of pending matters– Audit completion report

Following on from the October 2024 Audit Committee and as required by International Standards on Auditing (UK and Ireland), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report dated 31 October 2024.

The outstanding matters and the conclusions reached are detailed below:

| Matter | Conclusion reached |
|-------------------------------|---|
| Net Pension Asset | <p>We have now concluded our work on Oldham’s revised pension asset ceiling calculation.</p> <p>We are satisfied the revised Actuarial Report is prepared appropriately based on reasonable assumptions. Adjustments of £69.9m have been made to reflect the revised calculation see Appendix A.</p> <p>There are some further amendments reflecting the revised IAS19 report which total £6.4m. Further details are shown in Appendix 1.</p> <p>The Committee should note the two adjusted misstatements</p> |
| Investment Properties | <p>We have completed our work on the Council’s investment properties.</p> <p>We have concluded management’s valuation of these investments was reasonable. There are no matters to draw to your attention.</p> |
| Property, Plant and Equipment | <p>We have completed our planned audit procedures.</p> <p>We identified a non-material error £809k in relation to the under valuation of Oldham’s assets.</p> <p>Management have chosen not to adjust for this on the basis of materiality</p> <p>The Committee should note this unadjusted misstatement.</p> |

| Matter | Conclusion reached |
|--|--|
| Group financial statements | We have completed our work on the Council's Group financial statements. There are no matters to draw to your attention. |
| Financial statements, Annual Governance Statement and letter of Representation | We have received the final signed statements and the signed letter of representation. There are no matters arising to report to the Committee. |

Appendix A contains the summary of mis-statements identified. Appendix B contains our internal control recommendations. Appendix C contains our proposed audit report and opinion. Appendix D contains our requested Management Representation Letter from management. Appendix E contains our additional fees to be requested from Public Sector Audit Appointments. If you wish to discuss these or any other points then please do not hesitate to contact me.

Yours sincerely

Daniel Watson
Director

Appendix A – Updated Audit Findings

Corrected misstatements

The Council has amended the financial statements for the following misstatements above our trivial threshold of £450k (Council) and £451k (Group).

| Details of adjustment | Assets | Liabilities | Reserves | Income statement |
|---|---------------|-------------|----------------|------------------|
| Cr Pension reserve | | | -69,924 | |
| Dr Net pension asset | 69,924 | | | |
| Description of adjustment | | | | |
| The above represents the adjustments required to reflect the result of the revised actuary's calculation on the asset ceiling. | | | | |
| Dr Pension reserve | | | -6,433 | |
| Cr Net pension asset | 6,433 | | | |
| Description of adjustment | | | | |
| A revised IAS19 report was obtained following the triennial valuation. The adjustments required relate to the changes within that revised IAS19 report. | | | | |
| TOTAL CORRECTED MISSTATEMENTS | 76,357 | 0 | -76,357 | 0 |

Uncorrected misstatements

The Council has not amended the financial statements for the following misstatements above our trivial threshold of £450k (Council) and £451k (Group) on the grounds that they are individually and cumulatively immaterial.

| Details of adjustment | Assets | Liabilities | Reserves | Income statement |
|--|--------------|---------------|---------------|------------------|
| Dr Income | | | | 858 |
| Cr Creditors - RIA | | -858 | | |
| Description of adjustment | | | | |
| During our testing of creditors we identified that the art gallery expenditure to restore art works was £17.8k, the amount released from Receipts in Advance to the art gallery income code was £19.2k (Insurance monies paid to the Authority in advance of works) a difference of £1.4k. Applying our audit methodology we extrapolated this £1.4k error, and if the error was representative of the whole population, the Receipt in advance and Cost of Services income would both be misstated by £858.5k. We are satisfied this is not material. As the actual error is only £1.4k the Council's finance team have decided not to amend the statement of accounts. | | | | |
| DR Pension assets | 3,292 | | | |
| CR Pension reserve | | | -3,292 | |
| Description of adjustment | | | | |
| Oldham Council's allocated share of the error identified by the greater Manchester Pension Fund (GMPF) auditor as part of the testing of assets. | | | | |
| DR PPE | 809 | | | |
| CR Revaluation reserve | | -809 | | |
| Description of adjustment | | | | |
| An understatement of the PPE balance due to the fixed asset register recording an inaccurate value of an asset. | | | | |
| TOTAL UNCORRECTED MISSTATEMENTS | 4,101 | -1,667 | -3,292 | 858 |

Appendix B – Internal Control Recommendation

Recommendation 1 – Medium Priority

Description of deficiency

Testing of bank reconciliations identified a difference between the ledger and the bank statement of the Corporate Appointee bank account. This is because the reconciliation currently reconciles the general ledger to the adult social care system, rather than the Council's bank account.

Potential effects

Errors in the reconciliation may lead to misstatements within the Council ledger.

Recommendation

A monthly bank reconciliation is completed of the bank account with the ledger.

Management Response

Recommendation 2 – Medium Priority

Description of deficiency

The Council's process to identify related party transactions relies in part on member declarations of interest. In some cases the disclosures were based on declarations dating back to 2021. The process should use up-to-date information to ensure the disclosures are complete and accurate.

Potential effects

The related party disclosures could contain errors based on out of date declarations.

Recommendation

The Council incorporates checks on declarations to ensure that they are up to date as part of the closedown process.

Management Response

Recommendation 3 – Low Priority

Description of deficiency

Testing for existence and rights and obligations identified an asset that was disposed of, but not removed from the asset register. We note that the Council has begun a review of the asset register to remove disposed assets.

Potential effects

The asset register may contain assets that have been disposed of or the Council no longer has ownership of.

Recommendation

The Council should continue with the process to update the asset register to ensure that it correctly reflects assets that are held and owned by the Council.

Management Response

Recommendation 4 – Low Priority

Description of deficiency

Our testing noted that the iTrent system is double counting an element of shared cost AVCs. The Council has confirmed this is an ongoing issue..

Potential effects

The payroll reconciliations continue to generate errors as a result of this system issue.

Recommendation

The Council should continue to work with consultants to rectify the problem.

Management Response

Appendix C – Proposed Audit Report

Independent auditor's report to the members of Oldham Metropolitan Borough Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Oldham Borough Metropolitan Borough Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement, the Balance Sheet, the Cashflow Statement, the Housing Revenue Account Income and Expenditure Statement, the Statement of Movement in the Housing Revenue Account, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement (CIES), the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2023 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Note 35 of the financial statements explains how the Director of Finance formed their judgement that it is appropriate to adopt the going concern basis of preparation for the Council and the Group.

In accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, our review of management's assessment of going concern was focused on the extent to which there are any indications that the functions of the Council and Group will not continue in operational existence for the foreseeable future.

Our audit procedures to evaluate the Director of Finance's assessment of the Council's and the Group's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- undertaking an initial assessment at the planning stage of our audit to identify events or conditions that may cast significant doubt on the Council's and the Group's ability to continue as a going concern in the context of the guidance in Practice Note 10;
- obtaining an understanding of the relevant controls relating to the Director of Finance's going concern assessment;

- making enquiries of the Director of Finance to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Council's and the Group's continuation of service;
- obtaining and reviewing the Director of Finance's written going concern assessment, as approved by the Audit Committee, as those charged with governance;
- considering whether the Director of Finance's assessment is proportionate to the risks associated with going concern for the local government sector; and
- evaluating the appropriateness of the Director of Finance's disclosures in the financial statements on going concern

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures. These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

| Key audit matter | How our scope addressed this matter |
|---|---|
| <p>Valuation of Council Property, Plant and Equipment (land and buildings)</p> <p><i>Note 17 to the financial statements discloses information on the Council's holding of property, plant and equipment (PP&E) which includes £78.9m of Council Dwellings and £615.7m of Other Land & Buildings held at current value at 31 March 2023.</i></p> <p>The CIPFA Code of Practice requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there</p> | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from the Council. • Obtaining an understanding of the basis of valuation applied by the valuer in the year. • Critically assessing the Council's approach to ensure that assets not subject to revaluation in 2022/23 are materially fairly stated by reviewing movements are in line with our independently sourced indices. • Critically assessing the Council's approach by challenging and corroborating the assumptions applied by the valuer to ensure |

| | |
|---|--|
| <p>remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end.</p> <p>Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in DLUHC guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.</p> | <p>that assets revalued through 2022/23 are materially fairly stated at the year end.</p> <ul style="list-style-type: none"> • Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations. • Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2021. • Substantively testing for a sample of assets how valuation movements were presented and disclosed in the financial statements. <p>Our observations</p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of land & buildings included in the financial statements is materially stated.</p> |
| <p>Valuation of Council Investment Property <i>The Council's Balance Sheet discloses their Investment Properties to be valued at £20.8m at 31 March 2023.</i> The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The valuation of Investment Property involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.</p> <p>The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.</p> | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from the Council. • Critically assessing the basis of valuation applied by the Authority's valuer in the year. This is obtained by an independent review via our Internal valuers and auditors expert, of the airport land valuation. We tested and corroborated the underlying assumptions and methodology. • Critically assessing the appropriateness of the methodology and assumptions adopted by the Council's valuer by challenging and corroborating the assumptions used in the process. • Comparing the valuations to our valuation expert's estimate of the valuations for a sample of assets. <p>Our observations</p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of investment properties included in the financial statements is materially stated.</p> |
| <p>Valuation of the Council's and the Group's Defined</p> | <p>Our audit procedures included, but were not limited</p> |

Benefit Net Pension Asset

The Council's balance sheet discloses the Council net pension asset to be valued at £70.2m at 31 March 2023 and comprises assets of £1,336.0m, funded and unfunded liabilities of £1,163.7m. and asset ceiling adjustment of £102.0m.

The Group Balance Sheet discloses the group net pension asset to be valued at £91.6m at 31 March 2023 and comprises assets of £1,399.7m and funded and unfunded liabilities of £1,206.1m and the asset ceiling adjustment of £102.0m.

The net pension asset represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2022. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's and the subsidiaries' overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's and the subsidiaries' employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

to:

- Evaluating the skills, experience and qualifications of the actuary, by considering the findings from our consulting actuary.
- Comparing the asset ceiling calculation included within the financial statements against the requirements of IFRIC 14. We have tested the accuracy of the calculations and inputs and challenged the assumptions to ensure they are in line with the relevant accounting standards.
- Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the Pension Fund has designed and implemented controls to prevent and detect material misstatement. This included the controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation of the gross asset and liability is complete and accurate.
- Obtaining a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the council's share of Pension Fund assets. The Pension Fund auditor work included comparing the asset values used for the actuarial valuation to those subjected to audit by the Pension Fund auditor.
- Testing the actuarial allocation of Pension Fund assets to the Council by the actuary, including comparing the Council's share of the assets to other corroborative information.
- Challenging the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges provided by our expert, PWC, consulting actuary engaged by the National Audit Office.
- Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and Group's financial statements.

Key observations

We obtained sufficient appropriate evidence to conclude that the valuation of the defined benefit pension liability included in the financial statements is materially stated.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing, and extent of our audit procedures on the individual financial statement line items and disclosures, and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | Council | Group |
|-----------------------------------|---|---------|
| Overall materiality | £15.0m | £15.04m |
| Basis for determining materiality | Materiality has been determined as approximately 2% of gross expenditure at the surplus/deficit on provision of services level | |
| Rationale for benchmark applied | Gross expenditure at the surplus/deficit on provision of services level was chosen as the appropriate benchmark as this is a key measure of financial performance for the Council/Group and for users of the financial statements | |
| Performance materiality | £12.0m | £12.04m |
| Reporting threshold | £450k | £451k |

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Director of Finance made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Council and Group, its environment, controls, and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our approach to auditing the Group was based on our understanding of the group structure and an assessment of the significance of individual components to the group financial statements. Based on our risk assessment:

- Full scope audit procedures were carried out on the Council which represents (98.2%) of the Group's total assets, (99.7%) of the Group's total liabilities, (98.2%) of the Group's income and (97.6%) of the Group's expenditure.
- Specific audit procedures were carried out on the payroll expenditure and net defined benefit pension liabilities of Miocare Group Community Interest Company:
 - For Miocare Group Community Interest company payroll expenditure represents 2.5% of the Group's total expenditure and the net pension asset represents 1.76% of the Group's total assets.
- Analytical procedures were performed on the remaining entries in Miocare Group Community Interest Company which were included in the Group financial statements.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Group and the Council, the environment in which they operate, and the structure of the Group, and considering the risk of acts by the group and the Council which were contrary to the applicable laws and regulations, including fraud;

- inquiring with management and the Audit Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit;
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud;
- reviewing minutes of board meetings in the year; and
- discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We evaluated the Director of Finance's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

We are also required to conclude on whether the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in this respect.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Other matters which we are required to address

We were appointed as the Council's auditor by Public Sector Audit Appointments Ltd, in its role as appointing person under the Local Audit (Appointing Person) Regulations 2015, on 14 December 2017. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 5 years covering the audit of the financial years ending 31 March 2019 to 31 March 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Council or Group and we remain independent of the Council and Group in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of the audit report

This report is made solely to the members of Oldham Metropolitan Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed [tailor the following bullets according to the reason(s) for withholding the certificate]:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack.

[Signature]

Daniel Watson Audit Director
For and on behalf of Mazars LLP

One St Peter's Square

Manchester

M2 3DE

[Insert date]

Appendix D – Proposed Management Representation Letter

To be provided to us on client headed note paper

[Date]

Dear Daniel

Oldham Metropolitan Borough Council- audit for year ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Oldham Metropolitan Borough Council ('Council') and its Group for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2022/23 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022 and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2022/23 (the Code), as amended by the Code Update and applicable law

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council and Group in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Council and Group's related parties and all related party relationships and transactions of which I am aware.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and Group, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note to the financial statements fairly reflects that assessment.

Global Banking Challenges

I confirm that the Council has carried out an assessment of the potential impact on the Council and Group of the on-going global banking challenges, in particular whether there is any impact on the Council and Group's ability to continue as a going concern and on the post balance sheet events disclosures. In this regard I confirm that our exposure with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation is not material.

Covid-19

I confirm that the Council has carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Council and Group, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.

Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

Reinforced Autoclaved Aerated Concrete (RAAC)

I can confirm we have carried out an assessment of the potential impact of Reinforced Autoclaved Aerated Concrete (RAAC) on the Council. Based on this there is no indication of a need for a material impairment of the Council's property, plant and equipment or investment property balances.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and the Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. All uncorrected misstatements are included in the Appendices to this letter.

Yours faithfully

Sarah Johnston
Director of Finance

Appendix - Single entity unadjusted errors 2022/23

| Details of adjustment | Assets | Liabilities | Reserves | Income statement |
|--|--------------|---------------|---------------|------------------|
| Dr Income | | | | 858 |
| Cr Creditors - RIA | | -858 | | |
| Description of adjustment | | | | |
| During our testing of creditors we identified that the art gallery expenditure to restore art works was £17.8k, the amount released from Receipts in Advance to the art gallery income code was £19.2k (Insurance monies paid to the Authority in advance of works) a difference of £1.4k. Applying our audit methodology we extrapolated this £1.4k error, and if the error was representative of the whole population, the Receipt in advance and Cost of Services income would both be misstated by £858.5k. We are satisfied this is not material. As the actual error is only £1.4k the Council's finance team have decided not to amend the statement of accounts. | | | | |
| DR Pension assets | 3,292 | | | |
| CR Pension reserve | | | -3,292 | |
| Description of adjustment | | | | |
| Oldham Council's allocated share of the error identified by the greater Manchester Pension Fund (GMPF) auditor as part of the testing of assets. | | | | |
| DR PPE | 809 | | | |
| CR Revaluation reserve | | -809 | | |
| Description of adjustment | | | | |
| An understatement of the PPE balance due to the fixed asset register recording an inaccurate value of an asset. | | | | |
| TOTAL UNCORRECTED MISSTATEMENTS | 4,101 | -1,667 | -3,292 | 858 |

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