

## ***AUDIT COMMITTEE Agenda***

Date Thursday 25 July 2024

Time 6.00 pm

Venue Lees 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 Constitutional Services Tel. 0161 770 5151 or email [constitutional.services@oldham.gov.uk](mailto: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 Monday, 22 July 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.

Recording and reporting the Council's meetings is subject to the law including the law of defamation, the Human Rights Act, the Data Protection Act and the law on public order offences.

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

[https://www.oldham.gov.uk/homepage/1449/attending\\_council\\_meetings](https://www.oldham.gov.uk/homepage/1449/attending_council_meetings)

### MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors Al-Hamdani, Arnott, Aslam, Chowhan, Davis, S. Hussain, Rustidge, Sykes and Wilkinson

Independent Chair- Grenville Page

Item No

- 1 Apologies For Absence
- 2 Urgent Business  
Urgent business, if any, introduced by the Chair
- 3 Declarations of Interest  
To Receive Declarations of Interest in any Contract or matter to be discussed at the meeting.
- 4 Public Question Time  
To receive Questions from the Public, in accordance with the Council's Constitution.
- 5 Minutes of Previous Meeting (Pages 5 - 10)  
The Minutes of the meeting held on 27<sup>th</sup> June 2024 are attached for approval.
- 6 Update on External Audit Matters (Pages 11 - 62)  
Draft Audit Strategy Memorandum – Year Ending 31 March 2024
- 7 Audit Committee Chair - Charged with Governance, Management Processes and Arrangements. (Pages 63 - 76)  
To provide Auditors with the necessary assurances required under International Standards on Auditing.
- 8 Director of Finance - Charged with Governance, Management Processes and Arrangements. (Pages 77 - 90)  
To provide Auditors with the necessary assurances required under International Standards on Auditing.
- 9 Treasury Management Update Quarter 1 Monitoring Report  
Report to follow
- 10 Internal Audit and Counter Fraud Progress Report Q1 2024/25 (Pages 91 - 100)  
A summary of the work carried out by the team from 1 April 2024 to 30 June 2024
- 11 Internal Audit review work in connection with DLUHC funded projects (Pages 101 - 146)  
A Summary of the additional assurance work undertaken by the Internal Audit and Counter Fraud team in connection with the external grant funding provided

to the Council by DLUHC.

- 12 Proposed Audit Committee Work Programme for 2024/25 (Pages 147 - 152)
- 13 Exclusion of Press and Public

To consider that the press and public be excluded from the meeting for the following item of business, pursuant to Section 100A(4) of the Local Government Act 1972 on the grounds that discussions may involve the likely disclosure of exempt information, under paragraph 3 as defined in the provisions of Part 1 of Schedule 12A of the Act, to the Local Government Act 1972 and public interest would not be served in publishing the information.

- 14 Private Report; Senior Information Risk Owner update (Pages 153 - 160)

An update on Information Security Incidents and related matters which have occurred from 1 April 2023 to 31 March 2024.

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**AUDIT COMMITTEE**  
**27/06/2024 at 6.00 pm**

**Present:**

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

Also in Attendance:

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

1           **APOLOGIES FOR ABSENCE**

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

2           **URGENT BUSINESS**

There were no items of urgent business received.

3           **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4           **PUBLIC QUESTION TIME**

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

5           **MINUTES OF PREVIOUS MEETING**

Resolved:

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

6           **EXTERNAL AUDITOR UPDATE**

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

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

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

Resolved:  
That the report be noted.

## 7 **LOCAL CODE OF CORPORATE GOVERNANCE**

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

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

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

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

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

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

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

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

In addition, other Audit and Counter Fraud Team activity included:

- Continued support in respect of COVID-19 grant funding regimes, including responding to Central Government requests for supporting information in respect of grants received.
- Completion of a variety of other planned Audit reviews of Energy Management, the Music Service, Miocare and Fleet Management, and a follow-up review of St Joseph's Primary School.
- Ongoing work in connection with the Council's Fundamental Financial Systems to be reported in Q1 of 2024/25.
- Corporate Counter Fraud activities have identified £297,720 of fraud, errors and overpayments. The Direct Payments Audit Team (Adults and Children) have continued to deliver significant recovery outcomes which have generated £3,148,266 and £194,236 (respectively) for the period 1 April 2023 to 31 March 2024.

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

Resolved:

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

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## **2023/24 ANNUAL AUDIT AND OPINION REPORT TO AUDIT COMMITTEE**

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

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

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

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

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



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

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

Resolved:

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

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## **TREASURY MANAGEMENT REVIEW**

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

The Council is required to consider the performance of the Treasury Management function in order to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). The outturn report provided an update and included the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators. The report set out the key Treasury Management issues for Members' information and reviews and outlines:

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



- Treasury Management Prudential Indicators;

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



Resolved:

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

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

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

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

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

Resolved:

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

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

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

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

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

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

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

Resolved:

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

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

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

Resolved:

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

14 **EXCLUSION OF THE PRESS AND PUBLIC**

Resolved:

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

15 **UPDATE ON THE CORPORATE RISK REGISTER**

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

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

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

Resolved:

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

The meeting started at 6.00 pm and ended at 7.30 pm



**Audit Strategy Memorandum**  
**Oldham Metropolitan Borough Council – Year ending 31 March 2024**

July 2024

Audit Committee  
Oldham Metropolitan Borough Council  
Civic Centre  
West Street  
Oldham  
OL1 1UT  
25<sup>th</sup> July 2024

Forvis Mazars  
One St Peter's Square  
Manchester  
M2 3DE

Dear Audit Committee Members,

## Draft Audit Strategy Memorandum – Year Ending 31 March 2024

We are pleased to present our Audit Strategy Memorandum for Oldham Metropolitan Borough Council for the year ending 31 March 2024. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and

- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Oldham Metropolitan Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 0161 238 9349.

Yours Faithfully,

Daniel Watson

Forvis Mazars

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<b>C</b>	Appendix C: Consultations on measures to tackle the local government financial reporting and audit backlog

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# 01

## Engagement and responsibilities summary

# Engagement and responsibilities summary

## Overview of engagement

We are appointed to perform the external audit of Oldham Metropolitan Borough Council for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined overleaf.

# Engagement and responsibilities summary

## Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit Committee as Those Charged With Governance, of their responsibilities.

The Director of Finance is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of the Director of Finance use of the going concern basis of accounting in the preparation of the financial statements.

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## Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management [include Internal audit, other key individuals where relevant] as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.



## Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oldham Metropolitan Borough Council's internal control.

## Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

## Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



# 02

Your audit engagement team

## Your audit team



**Daniel Watson**

**Key Audit Partner**

Email [Daniel.Watson@mazars.co.uk](mailto:Daniel.Watson@mazars.co.uk)

Telephone 07909 985 324



**Yogita Das-Patel**

**Engagement Audit Manager**

Email [Yogita.das-patel@mazars.co.uk](mailto:Yogita.das-patel@mazars.co.uk)

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**Karen Makusha**

**Engagement Assistant Manager**

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In addition, an Engagement Quality Reviewer (EQR) has been appointed for this engagement.

# 03

Audit scope, approach, and timeline

# Audit scope, approach, and timeline

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

## Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

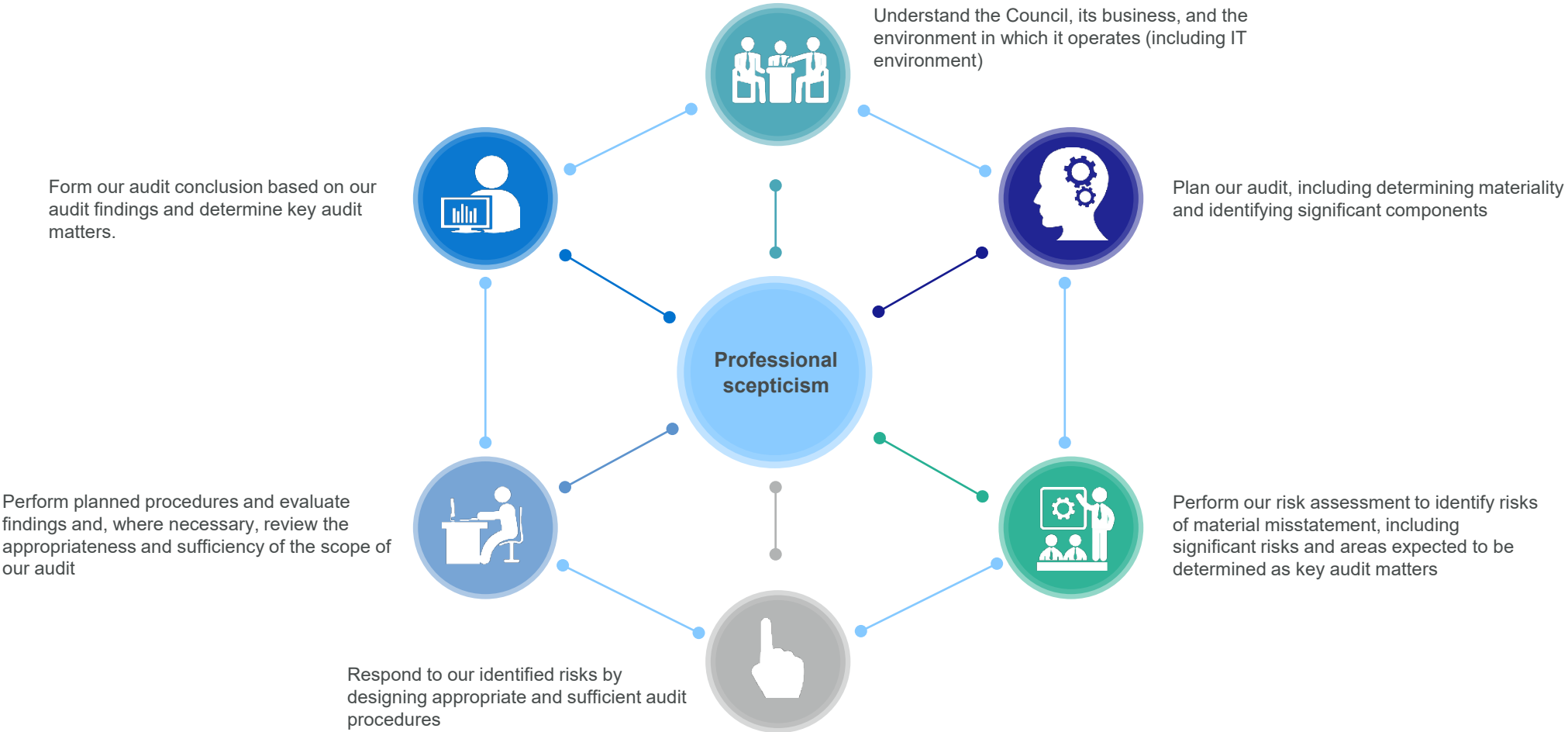
If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit

# Audit scope, approach, and timeline

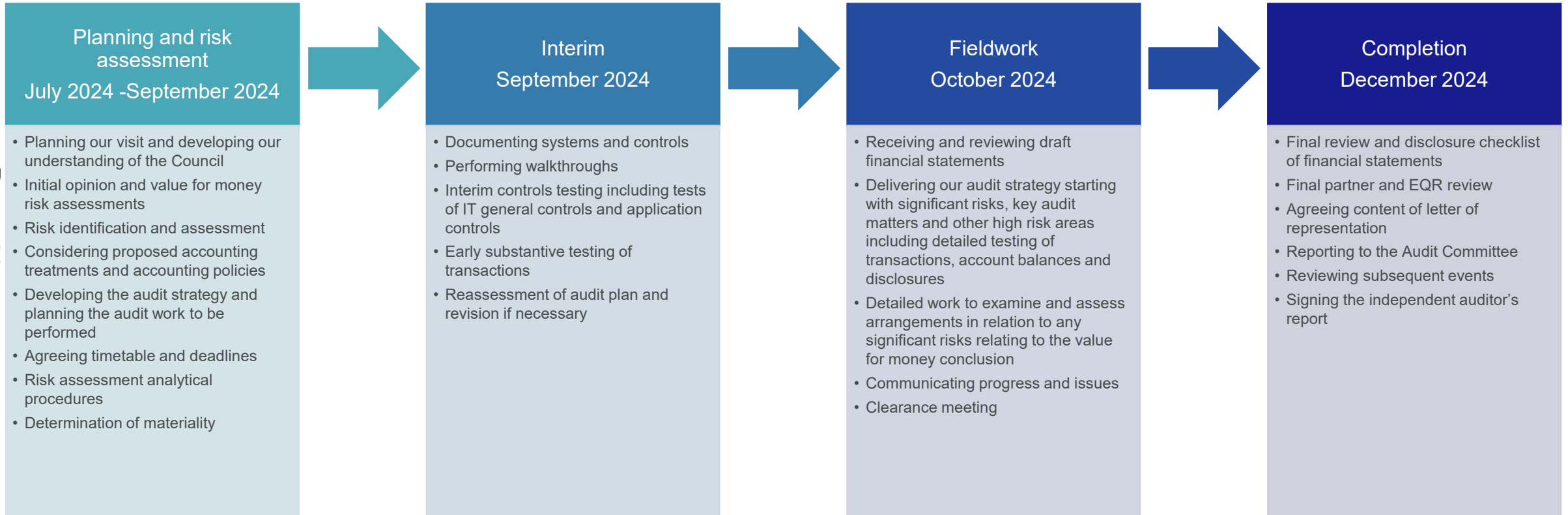
## Risk-based approach



# Audit scope, approach, and timeline

## Audit timeline

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# Audit scope, approach, and timeline

## Management’s experts and our experts

Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of Account	Management’s expert	Our expert
Defined benefits pension assets and liabilities	Hymans Robertson Actuaries	PWC – NAO’s Consulting actuary
Valuation of Manchester Airport Land	Colliers International Property Consultants Ltd	Forvis Mazars in-house valuation team
Valuation of shareholding in Manchester Airport Holding Limited	BDO LLP	Forvis Mazars in-house valuation team
Valuation of Financial Instruments	Arlingclose Limited	We will review Arlingclose’s methodology for providing fair value disclosures

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## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

There are no service organisations providing services to the Authority

# Audit scope, approach, and timeline

## Group audit approach

The Council's group structure for 2023/24 will include one wholly owned subsidiary company, Miocare Group Community Interest Company. In auditing the accounts of the Council's Group financial statements we need to obtain assurance over the transactions in the Group relating to the Council's subsidiary companies.

Our approach will reflect the size and complexity of the transactions from the subsidiary company that is consolidated into the Council's Group financial statements. Based on our planning discussions and review of previous year's accounts we do not consider the subsidiary company to be a financially significant component. However, we do consider that our significant risk relating to the Pension Liability, as set out in section 5, is a risk at the Group level and applies to the subsidiary company as well as the Council.

Our planned approach, based on our initial understanding of 2023/4 and the values reported in the prior year financial statements, is to obtain assurance on the pension liability significant risk from carrying out our own audit procedures and we do not plan to obtain specific assurance from the component auditor of the company. Our planned approach for the remaining group financial statement entries is to undertake group level analytical procedures. The table below summarises our planned group audit approach.

If there are any changes to our assessment of the significance of the Council's group components, either through the size and complexity or the significant risks at the components, we will communicate these changes to the Audit Committee.

The nature and extent of audit work we plan to perform on the consolidated components is set out below.

Entity	Significant by size	Significant risk	Planned Audit Scope	Auditor
Oldham MBC	Yes	Yes	Full audit carried out by group engagement team	Forvis Mazars – Group engagement team
Miocare CIC Ltd	No	Yes	Specific audit procedures relating to pension liability significant risk Group level analytical procedures Audit procedures for payroll testing	Forvis Mazars – Group engagement team



# Audit scope, approach, and timeline

## Key developments

The below key developments have taken place in the year. We have set out below how we will approach these areas during our audit.

### Acquisition of Chadderton Total Care Ltd

A prominent care home in Chadderton went into administration. The Council purchased the business and the assets, and Oldham total Care Ltd now operates and manages the home.

The accounting arrangements for acquisitions can be complex.  
We will review the underlying accounting entries and assess their impact on the single entity and the Group.

# Audit scope, approach, and timeline

## Audit approach for significant financial statement areas

Our audit approach on significant financial statement areas is set out below.

Financial statement area	Expected key audit matter	Significant risk	Key judgement area or enhanced risk	Testing of controls	Detailed substantive testing	Comments
Property, plant and equipment	●	●	○	○	●	Obtain an understanding of the basis of the valuation, reviewing the approach to assets not valued in year.
Infrastructure assets	○	○	○	○	●	Sample test the additions, and existence of assets within this balance.
Heritage Assets	○	○	○	○	●	Test a sample of assets to confirm, ownership, physical verification, and valuation.
Investment properties	○	○	○	○	●	Sample test the completeness and accuracy of underlying data provided by the Council, obtain assurance on the appropriateness of the methodology and assumptions adopted by the Council's valuer.
Intangible assets	○	○	○	○	●	Test a sample to ensure that assets are correctly classified.
Investments (Shareholding in Manchester Airport Holdings)	○	○	●	○	●	Review by the in-house valuation team of the methodology and key assumptions used by the management's expert for the airport shareholding. Obtain independent confirmation of investment balances
Debtors	○	○	○	○	●	Test a sample of debtors for accuracy, occurrence, and rights and obligations.
Cash and cash equivalents	○	○	○	○	●	Obtain independent confirmation of cash balances.

## Audit scope, approach, and timeline - continued

Financial statement area	Expected key audit matter	Significant risk	Key judgement area or enhanced risk	Testing of controls	Detailed substantive testing	Comments
Assets Held for Sale	○	○	○	○	●	Sample test assets to ensure the balance complies with IFRS 9
Borrowing	○	○	○	○	●	Obtain independent confirmation of loan balances.
Creditors	○	○	○	○	●	Test a sample of creditors for accuracy, occurrence, and rights and obligations
Provisions	○	○	○	○	●	Test a sample of provisions to ensure compliant with IAS 37, and challenge to ensure the completeness of the disclosure.
Pension Liabilities	●	●	○	○	●	Review the pension liability has been calculated correctly and reporting is in line with IAS 19.
PFI Liabilities	○	○	○	○	●	Test a sample to ensure the liabilities are correctly calculated, review the latest accounting models to ensure consistency with operator models
Capital Grants Receipt in advance	○	○	○	○	●	Test a sample of receipts in advance for accuracy, classification and completeness.
Reserves	○	○	○	○	●	Review reserves to ensure movements are internally consistent with other areas of the accounts.

## Significant risks, key audit matters and other key judgement areas

# Significant risks, key audit matters and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

## Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.

## Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

## Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

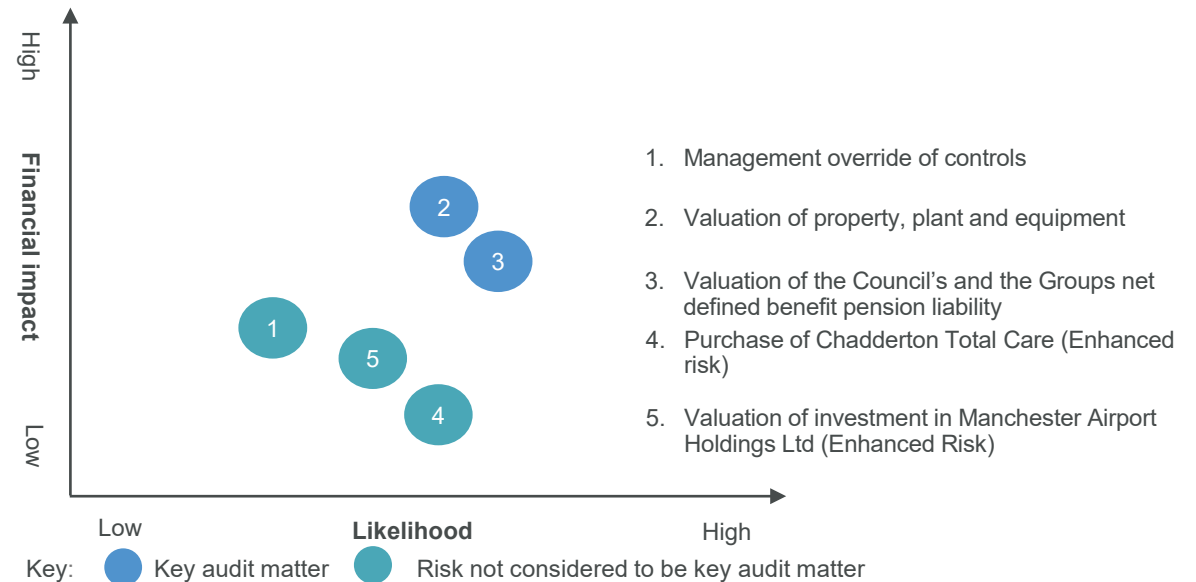
## Key audit matters

Key audit matters are defined as those matters that, in our professional judgment, 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.

It is important that you understand and have the opportunity to discuss with us why something is being communicated as a key audit matter and the way this is described. This section highlights which of the significant risks and other key judgement areas are considered by us at the planning stage to be key audit matters. It should be noted, however, that other key audit areas may be identified during the course of the audit.

## Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



# Significant risks, key audit matters and other key judgement areas

## Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit Committee.

### Significant risks

	Description	Fraud	Error	Judgement	Expected key audit matter	Planned response
1	<p><b>Management override of controls</b> This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>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 there is a risk of material misstatement due to fraud on all audits.</p>	●	●	●	●	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

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# Significant risks, key audit matters and other key judgement areas

## Significant risks (continued)

	Description	Fraud	Error	Judgement	Expected key audit matter	Planned response
2	<p><b>Valuation of property, plant and equipment (Council)</b>  <b>£791m (2022/23 £710m)</b></p> <p>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 &amp; equipment revalued in a five-year cycle.</p> <p>The valuation of property, plant &amp; 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.</p> <p>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.</p> <p>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>Our audit procedures will include:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council's instructions to the valuer.</li> <li>• Obtaining an understanding of the basis of valuation applied by the valuer in the year.</li> <li>• Obtaining an understanding of the Council's approach to ensure that assets not subject to revaluation in 2023/24 are materially fairly stated.</li> <li>• Obtaining an understanding of the Council's approach to ensure that assets revalued through 2023/24 are materially fairly stated at the year end.</li> <li>• Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.</li> <li>• Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2024.</li> <li>• Testing the accuracy of how valuation movements were presented and disclosed in the financial statements</li> </ul>

# Significant risks, key audit matters and other key judgement areas

## Significant risks (continued)

	Description	Fraud	Error	Judgement	Expected key audit matter	Planned response
3	<p><b>Valuation of Council's and the Group's defined benefit pension liability (Council and Group)</b>  <b>£38.39m (2022/23 £70.22m asset)</b></p> <p>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.</p> <p>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 asset/ liability in 2023/24.</p>	●	●	●	●	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council and the Group.</li> <li>• 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.</li> <li>• Reviewing 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 and the Group's share of Pension Fund assets.</li> <li>• Reviewing the actuarial allocation of Pension Fund assets to the Council and Group by the actuary, including comparing the Council's and the Group's share of the assets to other corroborative information.</li> <li>• 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.</li> <li>• 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.</li> <li>• Reviewing the calculation of the asset ceiling adjustments and accounting treatment for net pension assets across the group.</li> </ul>



# Significant risks, key audit matters and other key judgement areas

## Other key areas of management judgement that we have determined as key audit matters and/or enhanced risks

	Description	Fraud	Error	Judgement	Expected key audit matter	Planned response
4	<p><b>Purchase of Chadderton Total Care (Council)</b>  <b>£2.4m (2022/23 Nil)</b></p> <p>The council purchased a care home Chadderton Total Care in the borough during 2023/24 and created a local authority trading company Oldham Total Care Ltd.</p> <p>There is a risk that there are issues with the accounting treatment of the acquisition.</p>	●	●	●	●	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the arrangements in place for the purchase in relation to assets and liabilities undertaken.</li> <li>• Reviewing the accounting treatment on the single entity for the acquisition of the assets.</li> <li>• Consider the impact and accounting treatment of any goodwill.</li> </ul>

# Significant risks, key audit matters and other key judgement areas

## Other key areas of management judgement that we have determined as key audit matters and/or enhanced risks

	Description	Fraud	Error	Judgement	Expected key audit matter	Planned response
5	<p><b>Valuation of investment in Manchester Airport Holdings Limited £46.3m (2022/23 £20.1m)</b></p> <p>The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2024. 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> <p>There is a risk that the assumptions and methodology used in valuing the airport holding are not reasonable or appropriate to the Council. This could have a material impact to the Council and Group investment balance in 2023/24.</p>	●	●	●	●	<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 Forvis Mazars in-house valuation team will review the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.</p>

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# Significant risks, key audit matters and other key judgement areas

## Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, as part of our audit we obtain the views of, and enquire whether the Audit Committee has knowledge of, the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between the Group and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to the Audit Committee which we will obtain prior to completing our audit.

## Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to the Audit Committee which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

## Internal audit function

We will obtain a copy of the reports issued by internal audit relating to the financial period under audit determine whether any findings will have an impact on our risk assessment and planned audit procedures.

# 05

Value for money arrangements

# Value for money arrangements

## The framework for value for money work

We are required to form a view as to 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 in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 will be the fourth audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

## Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

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- 1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- 2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
- 3. **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 approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	<p>Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include:</p> <ul style="list-style-type: none"><li>• NAO guidance and supporting information;</li><li>• information from internal and external sources including regulators;</li><li>• knowledge from previous audits and other audit work undertaken in the year; and</li><li>• interviews and discussions with officers and Members.</li></ul>
Additional risk-based procedures and evaluation	<p>Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.</p>
Reporting	<p>We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report.</p> <p>Our commentary will also highlight:</p> <ul style="list-style-type: none"><li>• significant weaknesses identified and our recommendations for improvement; and</li><li>• emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.</li></ul>

# Value for money arrangements

## Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, the table below outlines the risks of significant weaknesses in arrangements that we have identified to date. We will report any further identified risks to the Audit Committee on completion of our planning and risk identification work

	Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Planned procedures
1	<p><b>Financial Resilience</b></p> <p>The Council has reported a £16.6m overspend in 2023/24. This has been driven in the main by increased activity within Children's Services, and Place &amp; Economic Growth (Homelessness). The Council has been required to fund this from an unbudgeted contribution from earmarked reserves. This is the fourth consecutive year that earmarked reserves have been utilised.</p>	●	○	○	<p>Our procedures will include</p> <ul style="list-style-type: none"> <li>• Review of the arrangements in place for the identification of budget reduction requirements;</li> <li>• Review of the medium term financial strategy including the underlying assumptions;</li> <li>• Review of the Council's arrangements for monitoring progress against budget, in particular how the Council monitors the delivery of savings.</li> </ul>

# 06

Audit fees and other services

# Audit fees and other services

## Fees for work as the Council's appointed auditor

At this stage of the audit we have set our proposed fees in the table below. We will report any expected changes to the Audit Committee through the year, and at the completion of our audit work.

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee
Code Audit Work	£359,829	£125,673
Audit fees	£359,829	£125,673
Additional Fee	TBC	£37,000
Total Additional audit fee	TBC	£37,000
<b>Total Fees</b>	<b>TBC</b>	<b>£162,673</b>

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## Services provided to other entities within the Council's group

Forvis Mazars LLP do not provide any other services to Miocare Community Interest Company Ltd.

## Fees for non-audit work




We have not been engaged by the Council to carry out any additional work separate from our delivery of the NAO Code of Practice audit work. Before agreeing to undertake any additional work we will consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.



07

Confirmation of our independence

# Confirmation of our independence

	<b>Requirements</b>	We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Ethical Standard 2019.
	<b>Compliance</b>	We are not aware of any relationship between Forvis Mazars and Oldham Metropolitan Borough Council that, in our professional judgement, may reasonably be thought to impair our independence. We are independent of Oldham Metropolitan Borough Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.
	<b>Non-audit and Audit fees</b>	We have set out a summary any non-audit services provided by Forvis Mazars (with related fees) to Oldham Metropolitan Borough Council in Section 6, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC's Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP and, when applicable, Forvis Mazars' member firms are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with Council in the first instance.

Prior to the provision of any non-audit services, Daniel Watson will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out below.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

# Confirmation of our independence

## Use of other firms and/or external experts

We have not made arrangements for any of our activities as auditor to be conducted by another firm that is not a Forvis Mazars' member firm, nor have we used the work of external experts.

Any emerging independence threats and associated safeguards we identify or put in place will be communicated to you in our Audit Completion Report.

# 08

## Materiality and misstatements

# Materiality and misstatements

## Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

## Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities, and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented, and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provides a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

# Materiality and misstatements

## Materiality (continued)

For the group and single-entity financial statements, we consider that gross expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross expenditure for the group financial statements, and a materiality threshold of 2% of gross expenditure for the Council's single entity statements. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 75% of overall materiality as performance materiality.

We have identified one disclosure in the financial statements where we have set a separate specific lower materiality level:

- Disclosure of Senior Officers Remuneration: £5,000 reflecting the movement between bandings.

As set out in the tables alongside, based on the draft Group financial statements we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £15.85m (£15.05m in the prior year), and performance materiality to be in the region of £11.9m (£12.04m in the prior year).

For the single entity statements, we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £15.80m (£15.0m in the prior year), and performance materiality to be in the region of £11.80m (£12.0m in the prior year).

There has been a slight reduction in performance materiality due to the Authority being a PIE audit and a change in our audit policy.

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

## Group financial statements

	2023/24 £'000s	2022/23 £'000s
Overall materiality	£15,850	£15,049
Performance materiality	£11,900	£12,040
Clearly trivial	£476	£451
Specific Materiality: Officer Remuneration bandings	£5	£5

## Council's single-entity financial statements

	2023/24 £'000s	2022/23 £'000s
Overall materiality	£15,800	£15,000
Performance materiality	£11,800	£12,000
Clearly trivial	£475	£450
Specific Materiality: Officer Remuneration bandings	£5	£5

# Materiality and misstatements

## Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to the Audit Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £465k, based on 3% of overall materiality. If you have any queries about this, please raise these with Daniel Watson.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to the Audit Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover quantitative misstatements, including those relating to the notes of the financial statements.

## Reporting

In summary, we will categorise and report misstatements above the reporting threshold to the Audit Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

# 09

Extended auditor's report



# Extended auditor’s report

## Layout of extended auditor’s report and implications for the audit

The extended auditor’s report for the Council is expected to follow the format and structure below for the year ending 31 March 2024 assuming that no emphasis of matter or qualification is required

Paragraph heading in order	Summary of key content
<b>Opinion on the financial statements</b>	What we have audited and our opinion thereon.
<b>Basis for opinion</b>	Confirms that the audit is undertaken under the ISAs (UK). Specific confirmation of our independence including with the FRC’s Ethical Standard. Specific confirmation re sufficiency and appropriateness of audit evidence obtained to provide a basis for our opinion.
<b>Conclusions relating to going concern</b>	Based on the audit procedures performed and the audit evidence obtained, we are required to evaluate whether sufficient appropriate audit evidence has been obtained regarding, and conclude on: <ul style="list-style-type: none"> <li>• Whether, in our judgement, a material uncertainty related to going concern exists; and</li> <li>• The appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.</li> </ul>
<b>Key audit matters</b>	Includes definition of key audit matters. Clarifies that these matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and that we do not provide a separate opinion on these matters. For each key audit matter identified: <ul style="list-style-type: none"> <li>• A description of the most significant assessed risk(s) of material misstatement;</li> <li>• A summary of our response to those risks including significant judgements applied; and</li> <li>• Where relevant, key observations arising with respect to those risks including clear reference to relevant disclosures in the financial statements.</li> </ul>

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# Extended auditor's report

Paragraph heading in order	Summary of key content
<b>Our application of materiality and an overview of the scope of our audit</b>	<p>Explanation of how we applied the concept of materiality in planning and performing both the group and single entity audit.</p> <p>The overall materiality threshold for both the group and single entity financial statements as a whole, performance materiality and triviality.</p> <p>Overview of the scope of the audit for both the group and single entity, including an explanation of how the scope addressed each key audit matter and was influenced by our application of materiality.</p>
<b>Other information</b>	Responsibilities of the Director of Finance and of the auditor for Other information included in the annual report.
<b>Responsibilities of the Director of Finance for the financial statements</b>	Cross reference to the full Statement of the Director of Finance's Responsibilities.
<b>Auditor's responsibilities for the audit of the financial statements</b>	<p>Explanation of the 'reasonable assurance' objective of the audit.</p> <p>Cross-reference to our responsibilities for the audit on the FRC's web-site.</p> <p>Explain to what extent the audit was considered capable of detecting irregularities, including fraud.</p>
<b>Value for money arrangements</b>	<p>Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources including reference to:</p> <ul style="list-style-type: none"> <li>• Matters we are required to report by exception</li> <li>• Responsibilities of the Council</li> <li>• Auditor's responsibilities</li> </ul>
<b>Matters on which we are required to report by exception</b>	<p>Report in the public interest under section 24 of the Local Audit and Accountability Act 2014.</p> <p>Recommendation under section 24 of the Local Audit and Accountability Act 2014.</p> <p>Exercise of any other special powers of the auditor under the Local Audit and Accountability Act 2014.</p>

# Extended auditor's report

Paragraph heading in order	Summary of key content
<b>Other matters which we are required to address</b>	Confirms that we have not carried out any prohibited non-audit services and that we remain independent of the Council (and its group). Confirms that our audit opinion is consistent with the Audit Completion Report.
<b>Use of the audit report</b>	Who we are reporting to and what the report may be used for.
<b>Audit certificate</b>	Sets out that we have completed the audit of the Council in accordance with the Local Audit and Accountability Act 2014.

# Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

# Appendix A: Key communication points

We value communication with the Audit Committee as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

## Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

## Key communication points at the planning stage as included in this Audit strategy memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

## Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

# Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks and key audit matters	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion;</li> <li>• The effect of uncorrected misstatements related to prior periods;</li> <li>• A request that any uncorrected misstatement is corrected; and</li> <li>• In writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> <li>• Enquiries of the Audit Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• A discussion of any other matters related to fraud.</li> </ul>	Audit completion Report and discussion at Audit Committee Audit planning and clearance meetings

# Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>• Non-disclosure by management;</li> <li>• Inappropriate authorisation and approval of transactions;</li> <li>• Disagreement over disclosures;</li> <li>• Non-compliance with laws and regulations; and</li> <li>• Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• Significant difficulties, if any, encountered during the audit;</li> <li>• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• Written representations that we are seeking;</li> <li>• Expected modifications to the audit report; and</li> <li>• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Audit Committee in the context of fulfilling their responsibilities.</li> </ul>	<p>Audit Completion Report</p>

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## Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report and the Audit Committee meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of.	Audit Completion Report and Audit Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, the firm's ISQM 1 team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on the firm's System of Quality Management:</p> <ul style="list-style-type: none"> <li>• Ensure there is an appropriate assignment of responsibilities under ISQM1 and across Leadership</li> <li>• Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities</li> <li>• Identify, review and update quality risks each quarter, taking into consideration of number of input sources (such as FRC / ICAEW review findings, AQT findings, RCA findings, etc.)</li> <li>• Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality</li> <li>• Evaluate responses to identify and remediation process / control gaps</li> </ul> <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website <a href="#">here</a>.</p>	Audit Strategy Memorandum



## Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report and Audit Committee meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of.	Audit Completion Report and Audit Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, the firm's ISQM 1 team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on the firm's System of Quality Management:</p> <ul style="list-style-type: none"> <li>• Ensure there is an appropriate assignment of responsibilities under ISQM1 and across Leadership</li> <li>• Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities</li> <li>• Identify, review and update quality risks each quarter, taking into consideration of number of input sources (such as FRC / ICAEW review findings, AQT findings, RCA findings, etc.)</li> <li>• Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality</li> <li>• Evaluate responses to identify and remediation process / control gaps</li> </ul> <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website <a href="#">here</a>.</p>	Audit Strategy Memorandum

# Appendix A: Key communication points

Required communication	Where addressed
<p>Communication of all significant facts and matters that bear on auditors' objectivity and independence together with a confirmation of independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats;</li> <li>• Safeguards adopted and their effectiveness;</li> <li>• An overall assessment of threats and safeguards; and</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence.</li> </ul>	<p>Audit strategy memorandum and Audit completion report</p>
<p>Identification of each key audit partner involved in the audit.</p>	<p>Audit strategy memorandum</p>
<p>Communication in respect of any arrangements for any of our activities as auditor to be conducted by another firm.</p>	<p>Audit strategy memorandum and Audit completion report, as necessary</p>
<p>Description of nature, frequency and extent of communication with the Audit Committee and other relevant bodies including dates of meetings.</p>	<p>Audit strategy memorandum</p>
<p>Description of distribution of tasks among the auditors where more than one auditor has been appointed.</p>	<p>Audit strategy memorandum</p>
<p>Description of methodology used, including which categories of the balance sheet have been directly verified and which categories have been verified based on system and compliance testing, including an explanation of any substantial variations compared to the previous year.</p>	<p>Audit strategy memorandum and/or Audit completion report</p>

## Appendix A: Key communication points

Required communication	Where addressed
Disclosure of quantitative level of materiality applied to the audit, any specific materiality levels applied to particular classes of transactions, account balances or disclosures, and qualitative factors considered when setting materiality.	Audit strategy memorandum and Audit completion report, as appropriate
Explanation of judgements about events or conditions identified during the course of the audit that may cast significant doubt on the entity's ability to continue as a going concern and whether they constitute a material uncertainty, and provide a summary of all guarantees, comfort letters, undertakings of public intervention and other support measures that have been taken into account when making a going concern assessment.	Audit strategy memorandum and Audit completion report
Reporting on significant deficiencies (in the case of consolidated financial statements, the parent undertaking's internal financial control system, and/or in the accounting system) including whether or not the deficiency in question has been resolved by management.	Audit completion report
Reporting any significant matters involving actual or suspected non-compliance with laws and regulations or articles of association	Audit completion report
Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods	Audit completion report
Explanation of the scope of consolidation and the exclusion criteria applied by the entity to the non-consolidated entities, if any, and whether those criteria applied are in accordance with the relevant financial reporting framework	Audit strategy memorandum and/or Audit completion report, as appropriate
Where applicable, identification of any audit work performed by component auditors in relation to the audit of the consolidated financial statements other than by Forvis Mazars' member firms.	Audit strategy memorandum and/or Audit completion report, as appropriate
Indication of whether all requested explanations and documents were provided by the entity.	Audit completion report

# Appendix B: Current year updates, forthcoming accounting & other issues

## New standards and amendments

### Effective for accounting periods beginning on or after 1 January 2024

The information detailed on this slide is for wider IFRS information only. They will be subject to inclusion within the FReM and Code as determined by FRAB.

### Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Issued January 2020), Deferral of Effective Date (Issued July 2020) and Non-current Liabilities with Covenants (Issued October 2022)

The January 2020 amendments clarify the requirements for classifying liabilities as current or non-current in IAS 1 by providing clarification surrounding: when to assess classification; understanding what is an 'unconditional right'; whether to determine classification based on an entity's right versus discretion and expectation; and dealing with settlements after the reporting date.

The October 2022 amendments specify how covenants should be taken into account in the classification of a liability as current or non-current. Only covenants with which an entity is required to comply with by the reporting date affect the classification as current or non-current. Classification is not therefore affected if the right to defer settlement of a liability for at least 12 months is subject to compliance with covenants at a date after the reporting date. These amendments also clarify the disclosures about the nature of covenants, so that users of financial statements can assess the risk that non-current debts accompanied by covenants may become repayable within 12 months.

### Amendments to IAS 16 Leases: Lease Liability in Sale and Leaseback (Issued September 2022)

The amendments include additional requirements to explain how to subsequently measure the lease liability in a sale and leaseback transaction, specifically how to include variable lease payments.

For further information, please refer to our blog article: [Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback](#)

### Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued May 2023)

The amendments introduce changes to the disclosure requirements around supplier finance arrangements with the intention of providing more detailed information to help users analyse and understand the effects of such arrangements.

The amendments provide an overarching disclosure objective to ensure that users of financial statements are able to assess the effects of such arrangements on an entity's liabilities and cash flows, as well as some additional disclosure requirements relating to the specific terms and conditions of the arrangement, quantitative information about changes in financial liabilities that are part of the supplier financing arrangement, and about an entity's exposure to liquidity risk.

For further information, please refer to our blog article: [IASB publishes final amendments on supplier finance arrangements](#)

# Appendix B: Current year updates, forthcoming accounting & other issues

## New standards and amendments (continued)

### Effective for accounting periods beginning on or after 1 January 2023

#### Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (Issued February 2021)

The amendments set out new requirements for material accounting policy information to be disclosed, rather than significant accounting policies. Immaterial accounting policy information should not be disclosed as accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material.

#### Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Issued February 2021)

The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events.

#### IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

IFRS 17 is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities.

#### Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Financial Instruments (Issued December 2021)

The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis.

IFRS 17 Insurance Contracts has not yet been adopted by the FReM. Adoption in the FReM is expected to be from April 2025; early adoption is not permitted.

# Contact

## Forvis Mazars

**Daniel Watson**

Audit Director

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## Report to Audit Committee

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

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader / Cabinet Member for Value for Money and Sustainability

**Officer Contact:** Sarah Johnston, Director of Finance

**Report Author:** John Miller, Head of Audit and Counter fraud.

**25 July 2024**

## Reason for Decision

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The Audit Committee's Terms of Reference state that:

### **4.4.2 The Audit Committee shall:**

- a) be responsible for oversight of the Council's relationship with the External Auditor, including consideration of:**
- (iv) issues arising from the audit of the Annual Statement of Accounts.**

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

## Executive Summary

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

ISAs require the auditor to make enquiries of those charged with governance (TCWG) to determine whether they have knowledge of any actual, suspected or alleged fraud

affecting the entity. These enquiries are made in part to corroborate the responses to the enquiries of management.

Mazars LLP has sent the Audit Committee a questionnaire setting out their enquiries of TCWG. The letter and questionnaire are shown in Appendix 1, and the Chair of the Audit Committee's proposed responses are set out in Appendix 2. There is a requirement to respond to Mazars LLP by 30 September 2024.

### **Recommendation**

That Members of the Audit Committee are asked to review and approve the Council's response.



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Email [yogita.das-patel@mazars.co.uk](mailto:yogita.das-patel@mazars.co.uk)

Date 25<sup>th</sup> June 2024

Dear Councillors,

### Audit 2023/24 - understanding those charged with governance processes and arrangements

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

- How do you exercise oversight of management's processes in relation to:
  - undertaking an **assessment of the risk that the financial statements may be materially misstated due to fraud or error** (including the nature, extent and frequency of these assessments);
  - identifying and responding to risks of fraud in the Authority, including any specific **risks of fraud** which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
  - **communicating to employees its view on business practice and ethical behaviour** (for example by updating, communicating and monitoring against the Authority's code of conduct); and
  - communicating to you the processes for **identifying and responding to fraud or error**.
- How do you **oversee management processes** for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2023/24? If so, please provide details.
- How do you gain assurance that **all relevant laws and regulations have been complied with**? Are you aware of any instances of non-compliance during 2023/24? If so, please provide details. Are you aware of any **actual or potential litigation or claims that would affect the financial statements**? If so, please provide details.
- Are you aware of any **actual or potential litigation or claims that would affect the financial statements**? If so, please provide details.

Forvis Mazars LLP

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- Have you carried out a **preliminary assessment of the going concern assumption** and if so have you identified any events which may cast significant doubt on the Authority's ability to continue as a going concern? If so, please provide details.

In addition to the above, which cover the Authority's processes and controls, **Appendix 1 includes further questions to ascertain your views on fraud.** Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work undertaken in 2023/24.

I would be grateful if you could respond by letter or email on behalf of the Audit Committee by 30 September 2024. In the meantime, please don't hesitate to contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Yogita Das-Patel  
Audit Manager

Appendix 1

Question	Response
1. Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2023 – 31 March 2024 ( <i>if 'yes', please provide details</i> )?	
2. Do you suspect fraud may be occurring within the organisation?	
3. Have you identified any specific fraud risks within the Council?	
4. Are you satisfied that internal controls, including segregation of duties, exist and work effectively ( <i>if 'yes', please provide details</i> )?	
5. If not where are the risk areas?	
6. How do you encourage staff to report their concerns about fraud?	
7. What concerns about fraud are staff expected to report?	
8. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	
9. How do you mitigate the risks associated with fraud related to related party relationships and transactions?	

<p>10. Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?</p>	
<p>11. Are there particular balances in the accounts where fraud is more likely to occur?</p>	
<p>12. Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?</p>	
<p>13. Could a false accounting entry escape detection? If so, how?</p>	
<p>14. Are there any external fraud risk factors, such as collection of revenues?</p>	
<p>15. Are you aware of any organisational or management pressure to meet financial or operating targets?</p>	
<p>16. Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?</p>	
<p>17. What arrangements has the Council put in place in response to the Bribery Act 2010?</p>	

Question	Management Response
<ul style="list-style-type: none"> <li>• How do you exercise oversight of management's processes in relation to:</li> </ul>	
<ul style="list-style-type: none"> <li>○ undertaking an <b>assessment of the risk that the financial statements may be materially misstated due to fraud or error</b> (including the nature, extent, and frequency of these assessments);</li> </ul>	<p>In my role as Chair of the Audit Committee, I can advise that the Director of Finance provides regular updates to the Audit Committee on matters relating to the production of the Statement of Accounts. Arrangements are in place for staff within the Finance Team to attend appropriate training courses so that they have up-to-date technical knowledge and skills. The Council has in place a robust quality assurance system to review the accuracy and quality of its accounts. This includes checks to ensure the financial statements are correct and are supported by detailed records.</p> <p>This is supported by the review of fundamental financial systems (FFS), which are audited by the Internal Audit function. These audits include a follow up of previously agreed actions. The findings arising from the financial audits are reported to the Audit Committee on a regular basis and updates are provided against specific areas and/or systems as requested by the Audit Committee.</p> <p>The detailed audit programme, for each financial system, reflects the risk of fraud and error and the Council's External Auditors review the work completed as appropriate. This review contributes to the assessment of the risk of material misstatement.</p> <p>The Annual Report from the Head of Audit and Counter Fraud gives an opinion on the overall control environment adding to the assurance the underlying processes for processing transactions are appropriate and this includes the conclusions from the audit reviews of the financial systems.</p> <p>Audit Committee Members have received training in their role and responsibilities, including their role in reviewing the Authority's Financial Statements most recently through training provided by CIPFA on 3 and 19 June 2024.</p>
<ul style="list-style-type: none"> <li>○ identifying and responding to risks of fraud in the Council, including any specific <b>risks of fraud</b> which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure</li> </ul>	<p>The Audit and Counter Fraud (A&amp;CF) Team identifies and responds to the risk of fraud via the on-going review of the A&amp;CF Plan. This is an annual plan based on strategic audit needs assessment, the Fraud Response Plan, and the Fraud and Loss Risk Assessment.</p> <p>This includes the risk of fraud identified by the National Audit Office (NAO) Fraud Advisory Panel, the CIPFA Fighting Fraud and Corruption Locally guidance and the Cabinet Office in their role as lead for the National Fraud Initiative (NFI).</p>

Question	Management Response
for which a risk of fraud is likely to exist;	The Head of Audit and Counter Fraud ensures that the risk of fraud is highlighted to the Audit Committee the regular service updates submitted to the Audit Committee.
<ul style="list-style-type: none"> <li>○ <b>communicating to employees its view on business practice and ethical behaviour</b> (for example by updating, communicating, and monitoring against the Council's code of conduct); and</li> </ul>	<p>The Council's Staff Code of Conduct and its appendices set out the standards expected around a range of matters, including the "Nolan Principles Standards of Public Life", "Gifts and Hospitality", "Disclosure of Information", "Relationships", "Contractors" and "Behaviour during Tendering".</p> <p>The Council's Code of Conduct is available via the Council's Intranet and is included as part of the Council's induction training.</p> <p>The Members Code of Conduct sets out the standards expected from elected Members.</p> <p>Respective Codes of Conduct are regularly reviewed.</p>
<ul style="list-style-type: none"> <li>○ communicating to you the processes for <b>identifying and responding to fraud or error</b>.</li> </ul>	<p>As Chair of the Audit Committee, I can advise that fraud risks and issues are reported by the Head of Audit and Counter Fraud in the A&amp;CF Plan, the Fraud and Loss Risk Assessment and via regular specific reporting.</p> <p>A suite of updated Counter Fraud policies was presented to, reviewed by and approved by the Council's Audit Committee on 26 March 2024.</p>
<ul style="list-style-type: none"> <li>• How do you <b>oversee management processes</b> for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2023/24? If so, please provide details.</li> </ul>	<p>The A&amp;CF Plan as reported to the Audit Committee includes reviews of management process and controls. The conclusions and actions arising from the audits in the plan, and any ad hoc reviews, are reported to the Audit Committee regularly as part of the summary of Internal Control Matters in each Directorate/Service area.</p> <p>A&amp;CF agree recommendations with managers to improve internal control, which are routinely subject to follow-up. The 2023/24 Annual Report by the Head of Audit and Counter Fraud sets out his opinion to inform the Audit Committee.</p>
<ul style="list-style-type: none"> <li>• How do you gain assurance that <b>all relevant laws and regulations have been complied with</b>? Are you aware of any instances of non-compliance during 2023/24? If so, please provide details</li> </ul>	<p>In accordance with the appropriate financial thresholds/scheme of delegation, all reports to the Council's Committees include formal comments from appropriate statutory officers.</p> <p>Internal Audit reviews whether the Council has adhered to relevant legislation and guidance as part of its ongoing audit arrangements and programmes.</p>
<ul style="list-style-type: none"> <li>• Are you aware of any <b>actual or potential litigation or claims</b></li> </ul>	All appropriate and significant matters have been incorporated into the production and review of the Council's AGS.

Question	Management Response
<p><b>that would affect the financial statements?</b> If so, please provide details.</p>	<p>As at 31 March 2024, there is no specific matter which is required to be reported upon in the accounts.</p>
<ul style="list-style-type: none"> <li>Have you carried out a <b>preliminary assessment of the going concern assumption</b> and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern? If so, please provide details.</li> </ul>	<p>By compliance with professional standards, the Director of Finance presents a balanced budget for approval at full Council and prepares the Council's financial statements on the going concern basis of accounting. This confirms the ability of a business to meet its financial obligations when they fall due.</p> <p>The 2023/24 Draft Statement of Accounts sets out that the financial statements are prepared on a going concern basis. Additional reports such as the Reserves Policy are submitted to this Committee to provide additional assurance on the going concern basis.</p> <p>Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement it would influence the decisions made by users of the accounts. This could be due to the value or the nature of the disclosure.</p> <p>All significant matters affecting the Council are discussed in the Council's AGS and in the Director of Finance' narrative report to the Annual Statement of Accounts.</p> <p>In my role of as the Chair of the Audit Committee, I liaise with the Head of Audit and Counter Fraud and the Director of Finance and can therefore receive specific briefings on the overall financial position of the Council. I can request detailed information on any issues should I have any concerns.</p>

Question	Response
<p>1. Are you aware of any actual, suspected, or alleged instances of fraud during the period 1 April 2023 – 31 March 2024 (if 'yes', please provide details)?</p>	<p>Yes. During this period of time (excluding business grants administered by the Council), there has been no significant (i.e., greater than £10k) corporate (in-house) fraud reported to me committed by internal staff, which has required investigation.</p>
<p>2. Do you suspect fraud may be occurring within the organisation?</p>	<p>As at 31 March 2024, I am assured that all instances of suspected fraud within the organisation have been investigated.</p> <p>The Council is a complex multidisciplinary organisation so as Chair of the Audit Committee I am aware that there is a risk</p>

Question	Response
	<p>that Officers are unaware of some fraud occurring that they would otherwise bring to my attention.</p> <p>An added assurance that appropriate controls are in place is the opinion given in the Annual Report of the Head of Audit and Counter Fraud. The routine reports to the Audit Committee on progress against the Plan set out the position on any fraud uncovered.</p>
<p>3. Have you identified any specific fraud risks within the Council?</p>	<p>Fraud Risks are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.</p>
<p>4. Are you satisfied that internal controls, including segregation of duties, exist and work effectively (<i>if 'yes', please provide details</i>)?</p>	<p>Yes. In all financial systems for 2023/24, Officers have provided assurance that there are agreed processes to review transactions.</p> <p>There are issues identified in the operation of some systems which have been highlighted to the Audit Committee.</p> <p>Where appropriate, extra audit testing is conducted by Internal and External Audit to provide extra assurance around known issues.</p> <p>Detailed Action Plans are in place, subject to regular follow-up.</p>
<p>5. If not where are the risk areas?</p>	<p>As above, potential risks and issues are reported in the Council's AGS and Corporate Risk Register, and updates are reported to the Audit Committee on a regular basis. Risks are assessed annually and as part of detailed audit planning.</p> <p>The Council continues to experience significant challenges in social care and the on-going integration with health partners. The Council continues to track the potential risks around these service areas, as this is clearly an area of management focus.</p> <p>Large Capital Programme projects will also provide additional fraud opportunities in areas such as mandate fraud.</p>
<p>6. How do you encourage staff to report their concerns about fraud?</p>	<p>The Council's Whistleblowing Policy sets out the arrangements for staff to anonymously report potential concerns and it is included in the Council's Staff Code of Conduct. Following a risk assessment process, the A&amp;CF Team will investigate allegations discretely, agree a course of action and agree recommendations. Where significant issues arise, External Audit will be briefed.</p>



Question	Response
7. What concerns about fraud are staff expected to report?	The Whistleblowing Policy includes the reporting by employees of suspected misconduct, illegal acts, or failure to act within the Council. The aim of the Policy is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
8. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	None are recorded. Contract Procedure Rules set out the procedures for procurement and this service is subject to regular review by Internal Audit. I am assured that no significant issues which will impact the financial statements have been identified in 2023/24.
9. How do you mitigate the risks associated with fraud related to related party relationships and transactions?	<p>As above, the Council's Contract Procedure Rules set out the procedures for Procurement and this service is subject to review by Internal Audit. Other policies (and internal controls) to mitigate this risk include:</p> <ul style="list-style-type: none"> <li>• Members' Code of Conduct.</li> <li>• Members' Register of Interests in line with the 2011 Localism Act.</li> <li>• Member's Allowances are disclosed in Notes to the Council's Statement of Accounts.</li> <li>• Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct.</li> <li>• The Council operates a Standards Committee.</li> <li>• Levying Bodies are subject to a separate external audit process.</li> <li>• The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. These details are included in Note 12 to the Statement of Accounts. In support of this Senior Officers are required to declare interests in companies, organisations, and entities with which the Council may interact in order to ensure transparency.</li> </ul>
10. Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	No, I am not aware of any entries in the accounting records of this nature. I am assured, supported by past External Audit feedback that the Finance Service applies a detailed quality assurance process, which incorporates independent/ "fresh eye" review prior to submitting its draft Accounts to the External Auditor.

Question	Response
<p>11. Are there particular balances in the accounts where fraud is more likely to occur?</p>	<p>The balances of Accounts Payable (AP) and Accounts Receivable were reviewed in 2023/24 as part of the yearly FFS programme of audits. The systems for AP are exposed to the potential risk of bank mandate fraud, whereby a “fraudster” contacts the Council to inform them that their bank details have changed, in an attempt to persuade the Council to make the payment to the erroneous account.</p> <p>Colleagues in the AP service and Procurement team are aware off these risks and apply manual checks to mitigate them.</p>
<p>12. Are you aware of any assets, liabilities, or transactions that you believe have been improperly included or omitted from the accounts of the organisation?</p>	<p>No, I am not aware of any assets, liabilities, or transactions that I believe have been improperly included or omitted from the accounts of the organisation.</p> <p>I am assured that the Quality Assurance process in the preparation of the draft financial statements by the Finance Team ensures the detailed review of the draft accounts prior to the submission to the External Auditors.</p>
<p>13. Could a false accounting entry escape detection? If so, how?</p>	<p>This is considered to be unlikely given the internal and external assurance provided to the Audit Committee of the controls in place for processing transactions.</p> <p>The Council is a complex multidisciplinary organisation so there is a potential risk that management is unaware of some false accounting occurring.</p>
<p>14. Are there any external fraud risk factors, such as collection of revenues?</p>	<p>During 2023/24, the collection of revenue from Sundry Debtors, Council Tax and Business Rates were reviewed by Internal Audit as part of the fundamental financial systems audits.</p> <p>The external frauds in this area have become more sophisticated as fraudsters use information obtained to test the systems of all Authorities.</p>
<p>15. Are you aware of any organisational or management pressure to meet financial or operating targets?</p>	<p>No, I am not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to meet financial or operating targets. Regular budget monitoring is reported to Cabinet and feedback to the Audit Committee indicates reconciliations of key accounts are conducted monthly, and significant variances are investigated.</p>
<p>16. Are you aware of any inappropriate organisational or management pressure</p>	<p>No, as above, I am not aware of any inappropriate organisational or management pressure being applied, to meet</p>

Question	Response
<p>being applied, or incentives offered, to you or colleagues to meet financial or operating targets?</p>	<p>financial or operating targets. The Director of Finance arranges for monthly budget monitoring to be conducted with service managers and reconciliations of key balances are conducted monthly, and significant variances are investigated.</p>
<p>17. What arrangements has the Council put in place in response to the Bribery Act 2010?</p>	<p>The Council's intranet includes information on the responsibilities around the Bribery Act 2010 in the Fraud Response Plan. The Staff Code of Conduct sets out the responsibilities for staff re: Bribery and Corruption.</p> <p>As part of the regular review of the suite of Counter Fraud policies the "Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan" was reviewed and revised and approved by the Council's Audit Committee on 26 March 2024.</p>

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## Report to Audit Committee

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

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader / Cabinet Member for Value for Money and Sustainability

**Officer Contact:** Sarah Johnston, Director of Finance

**Report Author:** John Miller, Head of Audit and Counter Fraud

**25 July 2024**

## Reason for Decision

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The Audit Committee's Terms of Reference state that:

### ***4.4.2 The Audit Committee shall:***

- a) be responsible for oversight of the Council's relationship with the External Auditor, including consideration of:**
- (iv) issues arising from the audit of the Annual Statement of Accounts.**

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

## Executive Summary

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

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

Mazars LLP has sent the Director of Finance a questionnaire setting out their enquiries of TCWG. The questionnaire is set out at Appendix 1, and the Director of Finance's proposed responses are set in Appendix 2. There is a requirement to respond to Mazars LLP by 30 September 2024.

### **Recommendation**

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

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Email [yogita.das-patel@mazars.co.uk](mailto:yogita.das-patel@mazars.co.uk)

Date 25<sup>th</sup> June 2024

Dear Councillors,

### Audit 2023/24 - understanding management processes and arrangements

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

- What processes are in place to:
  - undertake an **assessment of the risk that the financial statements may be materially misstated due to fraud or error** (including the nature, extent and frequency of these assessments);
  - identifying and responding to **risks of fraud**
  - **communicating to employees its view on business practice and ethical behaviour** (for example by updating, communicating and monitoring against the Authority's code of conduct); and
  - **communicate to the Audit Committee the processes for identifying and responding to fraud or error.**
- How does management gain assurance that **all relevant laws and regulations have been complied with?** Have there been any instances of non-compliance during 2023/24?
- Are there any **actual or potential litigation or claims that would affect the financial statements?**
- **What controls are in place to: identify, authorise, approve, account for and disclose related party transactions and relationships.** For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2024.

In addition to the above, which cover the Authority's processes and controls, **Appendix 1 includes further questions to ascertain your views on fraud.** Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work undertaken in 2023/24.

I would be grateful if you could respond by letter or email on behalf of the Audit Committee by 30 September 2024. In the meantime, please don't hesitate to contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Yogita Das-Patel  
Audit Manager



**Appendix 1**

<b>Question</b>	<b>Response</b>
1. Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2023 – 31 March 2024 ( <i>if 'yes', please provide details</i> )?	
2. Do you suspect fraud may be occurring within the organisation?	
3. Have you identified any specific fraud risks within the Council?	
4. Are you satisfied that internal controls, including segregation of duties, exist and work effectively ( <i>if 'yes', please provide details</i> )?	
5. If not where are the risk areas?	
6. How do you encourage staff to report their concerns about fraud?	
7. What concerns about fraud are staff expected to report?	
8. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	
9. How do you mitigate the risks associated with fraud related to related party relationships and transactions?	

<p>10. Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?</p>	
<p>11. Are there particular balances in the accounts where fraud is more likely to occur?</p>	
<p>12. Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?</p>	
<p>13. Could a false accounting entry escape detection? If so, how?</p>	
<p>14. Are there any external fraud risk factors, such as collection of revenues?</p>	
<p>15. Are you aware of any organisational or management pressure to meet financial or operating targets?</p>	
<p>16. Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?</p>	
<p>17. What arrangements has the Council put in place in response to the Bribery Act 2010?</p>	

Question	Management Response
<ul style="list-style-type: none"> <li>• What processes are in place at the Council to:</li> </ul>	
<ul style="list-style-type: none"> <li>○ undertake an <b>assessment of the risk that the financial statements may be materially misstated due to fraud or error</b> (including the nature, extent, and frequency of these assessments);</li> </ul>	<p>Staff within the Finance Team attend appropriate training courses and have up-to-date technical knowledge and skills to enable them to prepare the financial statements.</p> <p>The Council has in place a robust system to review the accuracy and quality of its accounts. This includes checks to ensure the financial statements are correct and are supported by detailed records. There is also management oversight and review of the accounts.</p> <p>This is supported by the review of fundamental financial systems (FFS), which are audited by the Internal Audit function each year. These audits include a follow-up of previously agreed actions.</p> <p>The detailed audit programme for each financial system reflects the risk of fraud and error and are discussed where required with the Council's External Auditors, who also review the work completed where they deem necessary.</p> <p>The Annual Report from the Head of Audit and Counter Fraud gives an opinion on the overall control environment adding to the assurance that the underlying processes for processing transactions are appropriate.</p>
<ul style="list-style-type: none"> <li>○ identify and respond to <b>risks of fraud</b>;</li> </ul>	<p>The Audit and Counter Fraud (A&amp;CF) Team identifies and responds to the risk of fraud via the on-going review of the A&amp;CF Plan. This is an annual plan based on strategic audit needs assessment, the Fraud Response Plan, and the Fraud and Loss Risk Assessment. This includes the risk of fraud identified by the National Audit Office (NAO) Fraud Advisory Panel, the CIPFA Fighting Fraud and Corruption Locally guidance and the Cabinet Office in their role as lead for the National Fraud Initiative (NFI).</p>
<ul style="list-style-type: none"> <li>○ <b>communicate to employees the Council's views on business practice and ethical behaviour</b> (for example by updating, communicating, and monitoring against the Authority's code of conduct); and</li> </ul>	<p>The Staff Code of Conduct and its appendices set out the standards expected around a range of matters, including the "Nolan Principles Standards of Public Life", "Gifts and Hospitality", "Disclosure of Information", "Relationships", "Contractors" and "Behaviour during Tendering".</p> <p>The Code of Conduct is available via the Council's Intranet and is included as part of the Council's induction training.</p> <p>The Code of Conduct is regularly reviewed.</p>
<ul style="list-style-type: none"> <li>○ <b>communicate to the Audit Committee the</b></li> </ul>	<p>Fraud risks and issues are reported by the Head of Audit and Counter Fraud in the A&amp;CF Plan, the Fraud and Loss Risk Assessment and via regular</p>

Question	Management Response
<p><b>processes for identifying and responding to fraud or error.</b></p>	<p>specific reporting, e.g., updates on specific risks in the Council's Annual Governance Statement.</p> <p>A suite of refreshed Counter Fraud policies was presented to, reviewed by, and approved by the Council's Audit Committee on 26 March 2024.</p> <p>Ad hoc matters requiring a report to the Audit Committee are also prepared by the Head of Audit and Counter Fraud as required.</p>
<ul style="list-style-type: none"> <li>How does management gain assurance that <b>all relevant laws and regulations have been complied with?</b> Have there been any instances of non-compliance during 2023/24?</li> </ul>	<p>In accordance with the appropriate financial thresholds/scheme of delegation, all reports to the Council's Committees include formal comments from appropriate statutory officers.</p> <p>Internal Audit reviews whether the Council has adhered to relevant legislation and guidance as part of its ongoing audit arrangements and programmes.</p> <p>Specific training is also arranged by relevant teams, e.g. Legal Services.</p>
<ul style="list-style-type: none"> <li>Are there any <b>actual or potential litigation or claims that would affect the financial statements?</b></li> </ul>	<p>All appropriate matters have been incorporated into the production and review of the Annual Governance Statement. As at 31 March 2024 there is no specific matter which is required to be reported upon in the accounts.</p> <p>Looking forward the perceived risks in the financial year 2024/25 have been considered and appropriately reported to the Audit Committee by inclusion in the AGS.</p>
<ul style="list-style-type: none"> <li><b>What controls are in place to: identify, authorise, approve, account for, and disclose related party transactions and relationships.</b> For any new related parties (i.e., any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2024.</li> </ul>	<p>The controls in place are:</p> <ul style="list-style-type: none"> <li>The separate disclosure Note to the Council's Statement of Accounts "Note 12: Related Parties" (which is subject to audit) sets out the key transactions with all related parties.</li> <li>Members' Code of Conduct.</li> <li>Members' Register of Interests in line with the 2011 Localism Act.</li> <li>Member's Allowances are disclosed in Note 8 to the Council's Statement of Accounts.</li> <li>Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct.</li> <li>Officers' Remuneration is disclosed in Note 9 to the Council's Statement of Accounts.</li> <li>Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 sets out the relevant information to disclose, together with CIPFA Bulletins on Closure of the 2023/24 Financial Statements.</li> <li>Internal and External Audit monitor compliance.</li> <li>The Council operates a Standards Committee.</li> <li>Levy Bodies are subject to a separate external audit process.</li> </ul>

Question	Response
<p>1. Are you aware of any <b>actual, suspected, or alleged instances of fraud</b> during the period 1 April 2023 – 31 March 2024 (<i>if 'yes', please provide details</i>)?</p>	<p>Yes. However, during this period of time (excluding business grants administered by the Council), there has been no significant (i.e., greater than £10k) corporate (in-house) fraud committed by internal staff which has required investigation.</p>
<p>2. Do you suspect fraud may be occurring within the organisation?</p>	<p>As at 31 March 2024 all instances of suspected fraud within the organisation had been investigated.</p> <p>The Council is a complex multidisciplinary organisation so there is a potential risk that management is unaware of some fraud occurring.</p>
<p>3. Have you identified any specific fraud risks within the Council?</p>	<p>Fraud risks are captured, reported, and monitored via the Fraud and Loss Risk Assessment, the Fraud Response Plan and potential fraud risks are assessed for each audit review.</p>
<p>4. Are you satisfied that internal controls, including segregation of duties, exist and work effectively (<i>if 'yes', please provide details</i>)?</p>	<p>Yes. In all central financial systems for 2023/24, there are agreed processes to review transactions. The Fundamental Financial Systems reviews support this process.</p> <p>Action Plans are in place to address any control deficiencies identified during the FFS reviews and are subject to annual follow-up.</p>
<p>5. If not where are the risk areas?</p>	<p>As above, potential risks and issues are reported in the Council's AGS, and updates are reported to the Audit Committee on a regular basis. Risks are assessed annually and as part of detailed audit planning.</p> <p>The Council continues to experience significant challenge in social care and, due to the on-going integration with health partners, it continues to track the potential risk around these service areas as this is clearly an area of management focus.</p> <p>Large Capital Programme projects will also provide additional fraud opportunities in areas such as mandate fraud.</p>

Question	Response
	The overarching risks reea for the Council going forward are the challenges identified in connection with the Medium Term Financial Strategy.
6. How do you encourage staff to report their concerns about fraud?	The Whistleblowing Policy sets out the arrangements for staff to anonymously report potential concerns and it is included in the Staff Code of Conduct. Following a risk assessment process, the Council will investigate allegations discretely, agree a course of action and agree recommendations. Where significant issues arise, External Audit will be briefed.
7. What concerns about fraud are staff expected to report?	The Whistleblowing Policy includes the reporting by employees of suspected misconduct, illegal acts, or failure to act within the Council. The aim of the Policy is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
8. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	None are recorded. Contract Procedure Rules set out the procedures for procurement and this service is subject to regular review by Internal Audit. No significant issues which will impact the financial statements have been identified in 2023/24.
9. How do you mitigate the risks associated with fraud related to related party relationships and transactions?	<p>As above, the Council's Contract Procedure Rules set out the procedures for Procurement and this service is subject to review by Internal Audit. Other policies (and internal controls) to mitigate this risk include:</p> <ul style="list-style-type: none"> <li>• Members' Code of Conduct.</li> <li>• Members' Register of Interests in line with the 2011 Localism Act.</li> <li>• Members' Allowances are disclosed in Note 8 to the Council's Statement of Accounts.</li> <li>• Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct.</li> </ul>

Question	Response
	<ul style="list-style-type: none"> <li>• The Council operates a Standards Committee.</li> <li>• Levying Bodies are subject to a separate external audit process.</li> <li>• The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. These details are included in Note 12 to the Annual Financial Statements. In support of this Senior Officers are required to declare interests in companies, organisations, and entities with which the Council may interact in order to ensure transparency.</li> </ul>
<p>10. Are you aware of any entries made in the accounting records that you believe, or suspect are false or intentionally misleading?</p>	<p>No, I am not aware of any entries in the accounting records of this nature. The Council applies a detailed quality assurance process which incorporates independent/ "fresh eye" review prior to submitting its draft Accounts to the External Auditor.</p>
<p>11. Are there particular balances in the accounts where fraud is more likely to occur?</p>	<p>The balances of Accounts Payable (AP), Accounts Receivable were reviewed in 2023/24 as part of the yearly FFS programme of audits. The systems for AP are exposed to the potential risk of bank mandate fraud, whereby a "fraudster" contacts the Council to inform them that their bank details have changed, in an attempt to persuade the Council to make the payment to the erroneous account.</p> <p>Colleagues in the AP service and Procurement team are aware off these risks and apply manual checks to mitigate them.</p>
<p>12. Are you aware of any assets, liabilities, or transactions that you believe have been improperly included or omitted from the accounts of the organisation?</p>	<p>No, I am not aware of any assets, liabilities, or transactions that I believe have been improperly included or omitted from the accounts of the organisation.</p> <p>The Council's Quality Assurance process ensures the detailed review of the draft accounts prior to the submission to the External Auditors.</p>

Question	Response
13. Could a false accounting entry escape detection? If so, how?	<p>This is unlikely given the controls in place for processing transactions.</p> <p>The Council is a complex multidisciplinary organisation so there is a potential risk that management is unaware of some false accounting occurring.</p>
14. Are there any external fraud risk factors, such as collection of revenues?	<p>During 2023/24, Sundry Debtors, Council Tax and Business Rates transactions were sample reviewed by Internal Audit as part of the Fundamental Financial Systems audit, and as part of the National Fraud Initiative. "Fraud" in areas such as SPD is not uncommon and is addressed annually and minimised via these tools.</p>
15. Are you aware of any organisational or management pressure to meet financial or operating targets?	<p>No, I am not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to myself or to colleagues to meet financial or operating targets.</p> <p>Monthly budget monitoring is conducted with service managers and reconciliations of key balances are conducted monthly, and significant variances are investigated.</p>
16. Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	<p>No, as above, I am not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to myself or to colleagues to meet financial or operating targets. Monthly budget monitoring is conducted with service managers and reconciliations of key balances are conducted monthly, and significant variances are investigated.</p>
17. What arrangements has the Council put in place in response to the Bribery Act 2010?	<p>The Council intranet includes information on the responsibilities around the Bribery Act 2010 in the Fraud Response Plan. The Staff Code of Conduct sets out the responsibilities for staff re: Bribery and Corruption.</p> <p>As part of the regular review of the suite of Counter Fraud policies the "Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan" was reviewed and revised and approved</p>



Question	Response
	by the Council's Audit Committee on 26 March 2024. These policies are regularly reviewed.

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## Report to Audit Committee

# 2024/25 Internal Audit and Counter Fraud Progress Report

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Value for Money and Sustainability

**Officer Contact:** John Miller – Head of Audit & Counter Fraud

**Report Author:** John Miller – Head of Audit & Counter Fraud

**25 July 2024**

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### Reason for Decision

The Audit Committee's Terms of Reference state that:

***4.4.2 The Audit Committee shall:***

***a) be responsible for oversight of the Council's Internal Audit arrangements and will;***  
***(ii) review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary;***

This report provides Members with a high-level progress report on the work of the Internal Audit and Counter Fraud team for Q1 of the 2024/25 financial year which alongside:

- Further progress reports on Q2 – Q4 to be provided to the Committee during the year.
- The Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2024/25.

Assists the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution.

### Executive Summary

The report summarises the work carried out by the team from 1 April 2024 to 30 June 2024.

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

In addition, other Audit and Counter Fraud Team activity included:

- Completion of six other pieces of planned work in connection with the Spindles pre-contract procurement review, the Supporting Families Programme Assurance Statement, IT Vulnerability Management (SCAS), Local Elections - Postal Vote Packs check and briefing note, Local Elections Postal Vote Integrity Review Report, and Parliamentary Elections - Postal Vote Packs check and briefing note
- Commencement and ongoing work in connection with the Council's Building Control Function; a Standards of Conduct review; a Recruitment processes review; a review of the Council's Risk Management Processes; a review of the Council's decision recording systems; a review of the Council's Housing Options Service; and, a review of Children's to Adults transitions in Social care.
- Corporate Counter Fraud activities have identified £107,895.80 of fraud, errors and overpayments. The Direct Payments Audit Team (Adults and Children) have continued to deliver significant recovery outcomes which have generated £624,056 and £86,961 (respectively) for the period 1 April 2024 to 30 June 2024.

### **Recommendation**

Members are requested to consider the 2024/25 Q1 Audit and Counter Fraud Progress Report.

## 2024/25 Q1 Internal Audit and Counter Fraud Progress Report

### 1. Background

- 1.1 This report summarises the work of the Audit and Counter Fraud Team between 1 April 2024 and 30 June 2024.
- 1.2 The main content of the report is structured as follows:
- Section 2: 2024/25 Audit and Counter Fraud Service: Progress Update.
  - Section 3: Corporate Counter Fraud.
  - Section 4: Audit of Direct Payments.

### 2. 2024/25 Audit and Counter Fraud Service: Progress Update

- 2.1 Priorities for the 2024/25 Audit and Counter Fraud Plan include:
- Fundamental Financial Systems (FFS) reviews to provide assurance in support of the Authority's Annual Financial Statements.
  - Audits which are considered high priority and included in the Annual Internal Audit Plan.
  - Counter Fraud work to prevent and detect fraud, theft and corruption.
  - Investigations of both internal and external fraud.
  - Direct Payments Audit to ensure expenditure is in line with support plans.
  - Support in connection with postal votes for local, regional, and parliamentary elections.

Progress against these priorities is summarised below:

#### 2023/24 Fundamental Financial Systems (FFS) reports

- 2.2 Work commenced on these reviews during 2023/24 and draft final reports have been issued during Quarter 1 of 2024/25. The outcomes of the 2023/24 FFS reviews are shown in Appendix 1 and discussed in detail in the Head of Internal Audit's Annual Report and Opinion for 2023/24 presented to the Committee on 27 June 2024.

#### Other planned work

- 2.3 Six other pieces of planned work were completed and reported in Q1 in connection with:
- The Spindles pre-contract procurement review.
  - The Supporting Families Programme Assurance Statement.
  - IT Vulnerability Management Report (SCAS)
  - Local Elections - Postal Vote Packs check and briefing note
  - Local Elections Postal Vote Integrity Review Report
  - Parliamentary Elections - Postal Vote Packs check and briefing note

The outcomes of these reviews are shown at Appendix 1.

- 2.4 Other planned audit review work commencing and underway as at the 30 June included reviews of:
- The Council's Building Control Function.

- Standards of Conduct
- Recruitment processes
- The Council's Risk Management Processes
- The Council's decision recording systems.
- The Council's Housing Options Service
- Children's to Adults transitions in Social care.

### **Other Work Undertaken**

- 2.5 The team has also supported both the Director of Finance and other colleagues within the Finance Service, and in other service areas, with ad hoc requests for support and assistance throughout the period as required.
- 2.6 The Head of Audit and Counter Fraud continues to support the Committee, with a number of reports produced for review and consideration at both June and July meetings of the Committee.

### **Follow up of Audit Recommendations**

- 2.7 During Q1 2024/25, as in previous years, the Audit Service has focussed on completion of the 2023/24 FFS reviews in support of the Authority's Annual Accounts, the Annual Governance Statement, and the Head of Audit's Annual Report and Opinion.
- 2.8 Building on the streamlining and smoothing of the annual workload of the team during 2023/24, the secondary area of focus during Q1 has been to commence and continue ongoing audit review work in other areas.
- 2.9 Reporting on follow up of audit recommendations excludes FFS reviews as these recommendations are routinely followed up as part of our annual FFS reviews. Since FFS work forms the majority of the Team's output in Q1 there is a natural reduction in the number of audit reports due for follow up in Q1. Follow up work will re-commence in Q2.

## **3. Corporate Counter Fraud**

- 3.1 The Corporate Counter Fraud Team continues to perform well. Appendix 2 sets out the key outcomes from the work conducted.
- 3.2 Highlights include the identification of:
- 39 cases of non-CTR fraud/misuse of funds including Council Tax Single Person Discount fraud (SPD), Blue Badge misuse and theft.
  - £31,486.47 of non-CTR fraud/misuse.
  - 26 cases of ineligible claims for Council Tax Reduction (CTR).
  - £26,589.12 of Housing Benefit ineligibility and overpayments (identified as part of the CTR investigations).
  - £49,820.21 of ineligible claims for Council Tax Reduction (CTR).
- 3.3 The Counter Fraud Team will continue to collaborate with the Internal Audit Team to ensure the delivery of the Internal Audit and Counter Fraud Plan 2024/25.

#### **4. Audit of Direct Payments**

4.1 The Direct Payments Audit team has a dual role, as a compensating control, of:

- Ensuring client spending is in line with their agreed Support Plan.
- Identifying overpayments made / or client contributions outstanding for recovery.

4.2 Appendix 3 shows the Direct Payments Audit volumes and financial outcomes arising for both Adults and Children's Services, which are £624,056 and £86,961 (respectively). In total the team carried out 443 Adults and Children's Direct Payment Audits.

4.3 The team also continues to assist the Adult Social Care Service by way of the Direct Payment (DP) Auditors invoicing for DP overpayments as soon as the DP audit is concluded.

#### **5 Options/Alternatives**

5.1 The Audit Committee can either:

- a) choose to accept and note the progress achieved and performance by the Audit and Counter Fraud Team; or,
- b) decline to accept and note the progress achieved and performance by the Audit and Counter Fraud Team and suggest an alternative approach.

#### **6 Preferred Option**

6.1 The preferred option is that the Audit Committee accepts and notes the progress achieved and performance by the Audit and Counter Fraud Team.

#### **7 Consultation**

7.1 N/A.

#### **8 Financial Implications**

8.1 N/A.

#### **9 Legal Services Comments**

9.1 N/A.

#### **10 Co-operative Agenda**

10.1 N/A.

#### **11 Human Resources Comments**

11.1 N/A.

#### **12 Risk Assessments**

12.1 The 2024/25 Audit and Counter Fraud Plan was prepared, reviewed, and updated using a risk-based approach. The Terms of Reference for each agreed project are also determined using a risk-based methodology. (John Miller)

#### **13 IT Implications**

13.1 N/A.

14 **Property Implications**

14.1 N/A.

15 **Procurement Implications**

15.1 N/A.

16 **Environmental and Health & Safety Implications**

16.1 N/A.

17 **Equity, Community Cohesion and Crime Implication**

17.1 N/A.

18 **Equality Impact Assessment Completed**

18.1 No.

19 **Forward Plan Reference**

19.1 N/A.

20 **Key Decision**

20.1 No.

21 **Background Papers**

21.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act

File Ref: Background papers are included as Appendices 1, 2 & 3  
Officer Name: John Miller  
Contact: john.miller@oldham.gov.uk

22 **Appendices**

22.1 The following Appendices are available to support this Report:

- **Appendix 1:** Summary of Audit Reports/Outcomes – 1 April 2024 to 30 June 2024
- **Appendix 2:** Counter Fraud Results – 1 April 2024 to 30 June 2024
- **Appendix 3:** Direct Payments Results – 1 April 2024 to 30 June 2024



## Audit and Counter Fraud 2024/25 - Summary of Audit Reports/Outcomes - 1 April 2024 to 30 June 2024

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
1	Chief Executive	2022/23 Draft Final Report – Council Tax & Council Tax Reduction	Report	Q1	Adequate
2	Chief Executive	2022/23 Draft Final Report – Business Rates (NDR)	Report	Q1	Adequate
3	Chief Executive	2022/23 Draft Final Report – Treasury Management	Report	Q1	Good
4	Chief Executive	2022/23 Draft Final Report – Bank Reconciliations	Report	Q1	Good
5	Chief Executive	2022/23 Draft Final Report – Payroll	Report	Q1	Inadequate
6	Chief Executive	2022/23 Draft Final Report – Accounts Payable	Report	Q1	Adequate
7	Chief Executive	2022/23 Draft Final Report – Accounts Receivable	Report	Q1	Adequate
8	Adult Social Care	2022/23 Draft Final Report – Direct Payments	Report	Q1	Inadequate
9	Adult Social Care	2022/23 Draft Final Report – Residential Care	Report	Q1	Inadequate
10	Chief Executive	2022/23 Draft Final Report – Fixed Assets	Report	Q1	Adequate
11	Children & Young People	2022/23 Draft Final Report – Children’s Social Care	Report	Q1	Inadequate
12	Chief Executive	2022/23 Final Report – Debt Recovery	Report	Q1	Inadequate
13	Place and Economic Growth	Spindles Pre-Contract Procurement Review	Report	Q1	Adequate
14	Chief Executive	IT Vulnerability Management (SCAS)	Report	Q1	Adequate
15	Chief Executive	Local Elections - Postal Vote Packs	Briefing note	Q1	Assurance

16	Chief Executive	Local Elections Postal Vote Integrity Review	Report	Q1	Assurance
17	Chief Executive	Parliamentary Elections - Postal Vote Packs	Briefing note	Q1	Assurance
18	Children & Young People	Supporting Families Assurance Statement	Grant Assurance	Q1	Assurance

**Key:**

Opinion	Description
Advisory	The work in this area is either not audit work in nature, such as provision of advice and consultancy, and/or is undertaken on behalf of third parties.
Assurance	The work in this area has been undertaken in order to provide assurance that, e.g. funding has been spent as intended and/or procedures and controls have operated effectively
Weak	Action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and/or control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Inadequate	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and/or control to effectively manage risks to the achievement of objectives in the area audited.
Adequate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance and/or scope for improvement were identified which could put at risk the achievement of objectives in the area audited.
Good	A sound system of governance, risk management and/or control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Opinion withheld	Opinion has been withheld at interim stage pending further fieldwork required at final report stage in order to arrive at an opinion on the systems and controls in place.
TBC	Opinion awaiting confirmation following further discussion with management.

**Audit and Counter Fraud 2024/25**

Counter Fraud Results 1 April 2024 to 30 June 2024

<b>Counter Fraud Team 2024/25</b>	<b>Quarter 1</b>
Corporate Cases - Positive Results	39
Fraud and Error Overpayments identified as part of Corporate Cases (£)	£31,486.47
CTR cases amended as a result of an investigation	26
HB Fraud and Error Overpayments identified as part of a CTR investigation (£)	£26,589.12
CTR Fraud and Error Overpayments identified (£)	£49,820.21
<b>Financial Outcomes</b>	<b>£107,895.80</b>

**Audit and Counter Fraud 2024/25**

Direct Payments Results 1 April 2024 to 30 June 2024

<b>Direct Payments Team 2024/25</b>	<b>Quarter 1</b>
Number of Children's Direct Payment audits undertaken	155
Funds requested during Children's Direct Payment Audit	£86,961.89
Number of Adults Direct Payment Audit undertaken	288
Funds requested during Adults Direct Payment Audit	£624,056.68
<b>Total Financial Outcomes from Direct Payment Audit Team</b>	<b>£711,018.57</b>



## Report to Audit Committee

# Internal Audit review work in connection with DLUHC funded projects.

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Value for Money and Sustainability

**Officer Contact:** John Miller – Head of Audit & Counter Fraud

**Report Author:** John Miller – Head of Audit & Counter Fraud

**25 July 2024**

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### Reason for Decision

The Audit Committee's Terms of Reference state that:

***4.4.2 The Audit Committee shall:***

***a) be responsible for oversight of the Council's Internal Audit arrangements and will; (v) review the activities, processes and procedures of the Council having regard to the demonstration of an economic, efficient and effective use of resources and the delivery of Value for Money to Council Tax payers;***

The report therefore assists the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution.

### Executive Summary

The Council receives a variety of capital grant funding to support specific projects, programmes and initiatives, from a variety of sources, including Central Government Departments.

These capital grant funding streams support a number of projects which fall under the overall programme umbrella of the Council's Creating a Better Place initiative.

Following the award and allocation of these funds, the Department for Levelling Up, Housing and Communities (DLUHC) has implemented additional assurance arrangements in respect of monies awarded by them in order to ensure that they are spent as intended, and that they achieve value for money in delivery.

This report summarises the additional assurance work undertaken by the Internal Audit and Counter Fraud team in connection with the external grant funding provided to the Council by DLUHC under the Towns Fund, the Levelling Up Fund, and the Future High Streets Funding arrangements.

### **Recommendation**

Members are requested to consider the report and summarised findings.

**Audit review work in connection with DLUHC funded projects****1. Background**

- 1.1 The Council receives a variety of capital grant funding to support specific projects, programmes and initiatives, from a variety of sources, including Central Government Departments.
- 1.2 These capital grant funding streams support a number of projects which fall under the overall programme umbrella of the Council's Creating a Better Place initiative.
- 1.3 The Department for Levelling Up, Housing and Communities (DLUHC) has implemented additional assurance arrangements in respect of monies awarded by them in order to ensure that they are spent as intended, and that they achieve value for money in delivery. The assurance and reporting requirements connected with the three funding streams differ in some details, however they all broadly require assurance from the Council's Chief Finance Officer on the systems and processes in place to support the projects, and regular progress reports to DLUHC.

The projects which are funded by these funding streams across Oldham are shown in the Table below:

<b>Funding Stream</b>	<b>Project</b>	<b>Total Cost (£m)</b>	<b>Grant Award (£m)</b>
Future High Streets	Accessible Oldham	5,459	1,482
Future High Streets	Egyptian Room	3,896	2,373
Future High Streets Fund	Spindles Phase 3	7,400	6,900
<b>Future High Streets Total</b>			<b>10,755</b>
Towns Fund	Spindles Purchase	10,426	1,000
Towns Fund	Spindles Office	22,000	6,000
Towns Fund	Spindles - Tommyfield Market	36,654	6,133
Towns Fund	Northern Roots - Visitors Centre	12,573	6,133
Towns Fund	Making Space for Live Performance	10,000	6,134
<b>Towns Fund total</b>			<b>25,400</b>
Levelling Up	Jubilee Park and Greenway	N/A	4,750
Levelling Up	Northern Roots - Education Centre	12,573	6,440
Levelling Up	Green Shoots	N/A	8,810
<b>Levelling up Total</b>			<b>20,000</b>
<b>DLUHC Funding Total</b>			<b>56,155</b>

- 1.4 Members have previously requested further details of the Audit Service's work in relation to these externally funded schemes. This report summarises the additional audit assurance work undertaken by the Internal Audit and Counter Fraud team in connection with the external grant funding provided to the Council by DLUHC. Provided for background information and context at Appendices 1 and 2 are updates on the Council's overarching Creating a Better Place Programme which were provided to Place, Economic Growth and Environment Scrutiny Board in March this year.

## **2. Audit reviews undertaken in relation to DLUHC funded projects**

2.1 Internal Audit service reviews in connection with the DLUHC funded projects in the table above fall into three main areas:

- Egyptian Room pre-contract procurement.
- Spindles pre-contract procurement.
- The Council's Contract Register.

The findings from these three reviews are summarised below:

## **3 Summary of Audit Reviews**

### **3.1 Egyptian Room Pre-Contract Procurement Review**

3.1.1 The Audit Opinion in respect of this project is that the pre-contract procurement arrangements were Adequate.

3.1.2 We found satisfactory controls in operation in the following areas:

- Procurement processes have been followed in line with Contract Procedure Rules.
- Key decisions have been approved in accordance with the Contract Procedure Rules.

3.1.3 However, the review identified the following areas for potential improvement:

- The service should review its procedures around development of contract specifications to ensure that all significant works are identified and evaluated at the earliest possible stage and are, therefore, subject to the competitive process.
- Arrangements for the retention and storage of procurement documentation on The Chest should be reviewed to ensure tendering scoring and delegated decisions are clearly evidenced.

### **3.2 Spindles Pre-Contract Procurement Review**

3.2.1 The Audit Opinion in respect of this project is that the pre-contract procurement arrangements were Adequate.

3.2.2 We found satisfactory controls in operation in the following areas:

- Procurement processes have been followed in line with Contract Procedure Rules.
- Key decisions have been authorised in accordance with the Contract Procedure Rules.

3.2.3 However, the review identified the following areas for potential improvement:

- The Council should continue to monitor its Contract Procedure Rules to ensure that they remain effective in supporting bidder engagement in procurement.
- Arrangements for the retention and storage of procurement documentation on SharePoint should be reviewed to ensure tendering scoring and delegated decisions are clearly evidenced.
- The service should put a strong data resilience strategy in place to ensure pertinent data and documentation is available for review when requested by authorised users. This will mitigate the risk around document availability.



### **3.3 The Council's Contract Register Review**

3.3.1 The Council's Contract Register should contain all relevant details of contracts already awarded, and details of those planned. This enables the council to monitor and plan its procurement activity more effectively. The review found that arrangements around the Council's Contract Register were Inadequate. We made recommendations for improvement in two broad areas:

#### **Guidance and Training**

- A Contract Management Policy and associated standards and guidance toolkit should be developed to ensure that all contracts are managed in a consistent and compliant manner.
- Training courses should be developed for all contract managers to provide assurance of competence in contract management roles.
- Review the utility of the ProContract system with a view to implementing robust contract management processes to enable consistent measures of performance and value for money.

#### **Data and record keeping**

- A data matching exercise should be conducted between the contracts register and data held by Legal Services and Directorates to ensure that all contracts are recorded on the register.
- Less reliance should be placed on a master spreadsheet during the procurement resource planning process and the service should explore other, more robust, means of recording workflows, e.g., Pipeline.
- A review of the ProContract monitoring facility should be conducted to ensure that each contract that requires a delegated decision or approval has the necessary report added to the attachments.
- Customer Feedback from suppliers, key stakeholders and colleagues should be recorded in order to help assess the financial and operational performance of contracts.
- The contracts register should be reviewed to ensure all data and relevant fields have been populated, including contract value.
- Arrangements for the retention and storage of procurement documentation on SharePoint should be reviewed to ensure a standardised approach is adopted.

## **4 Common themes identified and the Council's response**

### **4.1 Common Themes**

4.1.1 The overriding common finding from the audit work undertaken was in connection with inconsistent record keeping practices in respect of important contractual documentation, information and communications. It was often a difficult and lengthy process to access the records required to complete our audit work.

4.1.2 Whilst only noted in connection with the Spindles Project in respect of DLUHC funded projects, the Council's Contract Procedure rules were also noted as requiring updating in other, non-DLUHC related project procurement reviews.

### **4.2 The Council's response**

4.2.1 In respect of the accessibility and availability of contract information and documentation, which was noted as an area for improvement across all three reviews undertaken, the loss of the previous Head of Procurement during the 2023/24 year had a significant impact on the evidence available to provide assurance that the Council's Procurement Service was operating in a co-ordinated way to address the Council's ongoing procurement needs.

4.2.2 The Council has taken steps to address this issue and:

- The Procurement Service now sits within the remit of the Director of Finance.
- A new Interim Head of Procurement is now in place.
- An independent review by of the Council's Procurement Function by STAR Procurement is underway which will make further recommendations for improvements in due course.

4.2.3 In respect of the Council's Contract Procedures Rules, these have already been reviewed during 2023/24, and will be further reviewed following on from the appointment of the Council's new Interim Head of Procurement. This will help ensure that the Council is able to maximise its procurement options with appropriate safeguards in place.

4.2.4 Whilst the Council faces a challenge in respect of information management practices in respect of procurement and the Council's Contract register, it has already taken steps in terms of management structure, staffing, and engaging an independent industry led review in order to help address these issues.

4.2.5 As the Council moves to meet this challenge it continues to adhere to Contract Procedure Rules and associated procedures for decision making and recording in relation to the procurement of large capital projects.

## 5 **Options/Alternatives**

5.1 The Audit Committee can either:

- a) choose to accept and note the contents of the report; or,
- b) decline to accept and note the contents of the report and suggest an alternative approach.

## 6 **Preferred Option**

6.1 The preferred option is that the Audit Committee accepts and notes the contents of the report.

## 7 **Consultation**

7.1 N/A.

## 8 **Financial Implications**

8.1 N/A.

## 9 **Legal Services Comments**

9.1 N/A.

## 10 **Co-operative Agenda**

10.1 N/A.

## 11 **Human Resources Comments**

11.1 N/A.

## 12 **Risk Assessments**

12.1 The Annual Audit and Counter Fraud Plans are prepared, reviewed, and updated using a risk-based approach. The Terms of Reference for each agreed project are also determined using a risk-based methodology. (John Miller)

### 13 **IT Implications**

13.1 N/A.

### 14 **Property Implications**

14.1 N/A.

### 15 **Procurement Implications**

15.1 N/A.

### 16 **Environmental and Health & Safety Implications**

16.1 N/A.

### 17 **Equity, Community Cohesion and Crime Implication**

17.1 N/A.

### 18 **Equality Impact Assessment Completed**

18.1 No.

### 19 **Forward Plan Reference**

19.1 N/A.

### 20 **Key Decision**

20.1 No.

### 21 **Background Papers**

21.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act.

File Ref:	Background papers are included as Appendices 1 & 2
Officer Name:	John Miller
Contact:	john.miller@oldham.gov.uk

### 22 **Appendices**

22.1 The following Appendices are available to support this Report:

- **Appendix 1:** Creating a Better Place Update Report to Place, Economic Growth and Environment Scrutiny Board 19 March 2024
- **Appendix 2:** CaBP Update Presentation to Place, Economic Growth and Environment Scrutiny Board 19 March 2024





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## Report to Place, Economic Growth and Environment Scrutiny Board

# Creating a Better Place Update

**Portfolio Holder: Councillor Shah, Leader of the Council and Portfolio Holder for Reform and Regeneration**

**Officer Contact:** Paul Clifford, Director of Economy

**Report Author:** Paul Clifford, Director of Economy  
Chris Lewis, Strategic Lead for Creating a Better Place

**19<sup>th</sup> March 2024**

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### Reason for Decision

Briefing on the Creating a Better Place Programme

### Executive Summary

Cabinet approval was first obtained in January 2020 for the Council's '**Creating a Better Place (CaBP)**' strategic framework and capital regeneration programme. Following the onset of the pandemic, the programme was reviewed to re-prioritise and reconfirm the projects included in the programme to ensure alignment to the borough's economic recovery and to support the financial implications associated with responding to the Covid-19 virus: this was reported to Cabinet in July 2021.

The programme remains on track to deliver new homes, create jobs and deliver against our Green New Deal commitments ensuring Oldham is a great place to live, work and visit with lots of family friendly and accessible places to go. This report provides Place Scrutiny with an update on the strategic progress of the Creating a Better Place regeneration programme, including external funding opportunities secured, benefits realised, and the associated Social Value generated to **Create a Better Place**.

### Recommendations

To review and note progress on the Creating a Better Place Programme

**1.0 Background**

- 1.1 The very best towns and cities around the world have one thing in common – they are both people and quality focused. Quality of place is paramount to thriving communities and we want Oldham to be a place where people feel they belong, they feel safe, proud and it is an exciting place where people can live, work and spend time.
- 1.2 Growing our economy through social enterprise, starting new business ventures and supporting the expansion of existing businesses, apprentice opportunities for work and skills development, and development and construction employment opportunities is increasingly more important to ensure residents have access to paid work to support themselves and their families through various challenges including rising inflation.
- 1.3 The Creating a Better Place programme has enabled a number of key partnerships to be strengthened ensuring Oldham has a strong narrative locally, regionally and nationally enabling Oldham, amongst other things, to secure substantial external funding to invest within the town and accelerate delivery of our regeneration activities to Create a Better Place. Most notable of these is the recent partnership announced with MUSE to create up to 2,000 new homes across a number of strategic sites within Oldham Town Centre.
- 1.4 The projects within the Town Centre will ensure its sustainability, including the Spindles, that the Council acquired and the associated projects including new public sector office accommodation, a new food court, new home for the indoor market and a Performance space. In addition, across the Town Centre we are establishing a new public park, the delivery of 2,000 new homes whilst also protecting and investing in our historical assets through the redevelopment of the Old Library and outside of the Town Centre the redevelopment of Royton Town Hall and Library.
- 1.5 CaBP also provides important revenue saving opportunities to ensure the best use of public funds, value for money is demonstrated and social value is embedded into all projects for wider community benefits. The financial savings have been embedded into the Council's Medium-Term Financial Strategy and Capital Programme. Separate annual reports are due for Cabinet consideration once again, which includes Creating a Better Place financial matters, as part of the annual budget setting procedures.
- 1.6 Strong progress is being made against the priorities identified through comprehensive and ongoing consultation with members, residents and businesses to deliver family friendly activities, improved accessibility, sustainability, green energy, new jobs and apprenticeships, new businesses, filling empty units, more things to do and places to visit. The update contained within this report and accompanying presentation evidences our progress in delivering against these key priorities.

**2.0 Creating a Better Place: Strategic Updates**

- 2.1 The CaBP Programme continues to make a strong positive impact to the regeneration of the town, creating Social Value and delivering financial savings. The programme has delivered £3.5m of revenue savings to date with further additional savings projected over the next three years to the value of c£7.2m.
- 2.2 Working closely with various partners locally, regionally, and nationally Oldham's strong Vision, plans and ability to deliver schemes have resulted in the CaBP Programme securing

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external funding in excess of £70m to date with the Council continuing to identify additional funding opportunities moving forward.

- 2.3 Our Green New Deal continues to progress at pace with various schemes in development and delivery, these include large capital infrastructure schemes including the Oldham Town Centre Low Carbon District Heat Network and Wrigley Head Solar Farm. The Green New Deal Programme continues its strong track record of securing external funding including £8.7m for the Oldham Town Centre Low Carbon District Heat Network and £2m of external grant funding to enable decarbonisation works to commence on the Spindles shopping centre in support of the Councils continuing drive to decarbonise the Council's buildings. The Council are bringing together key stakeholders and partners at the launch of Oldham's inaugural Green Summit on the 8<sup>th</sup> March 2024 to further progress and strengthen this agenda.
- 2.4 The programme continues to act as a catalyst for new jobs within Oldham through the various projects both planned and in delivery. The Broadway Green development is a prime example that includes 600,000sq feet of employment space, creating up to 2,000 new jobs and up to 500 new homes on the development. The development is clear evidence of the private sector investing in Oldham with the recent addition of an ALDI and Costa on the site. Jobs and apprenticeships are also being created through the construction work both planned and underway within the Town Centre and across the town.
- 2.5 We continue to perform well against our programme housing targets with the delivery of 403 homes against our target of 352 for 2022/23. Our recently announced new strategic partnership with MUSE is set to deliver a further 2,000 much needed homes within the Town Centre.
- 2.6 A key component of the CaBP programme is generating Social Value, which has substantial opportunity to benefit both individual residents and our wider communities. Social value is firmly embed within CaBP as part of our procurement processes and secures a contractual commitment from our contractors to deliver social value benefits. New apprenticeships, job creation and educational sessions at local schools and colleges are a few examples.

### **3.0 Creating a Better Place: Strategic Updates**

#### **3.1 Town Centre**

The CaBP programme was constructed following comprehensive consultation with our local communities and businesses to help clearly define and ensure wider awareness and engagement with our regeneration ambitions. This work has also helped ensure that local priorities, and ideas and suggestions from local communities and businesses were embedded into the Programme and associated project work in various stages from planning through to delivery.

The engagement process formed part of the Big Oldham Conversation, with specific consultation and engagement events both digitally and in person with specialist groups, residents, town centre businesses and market traders to help raise awareness and seek feedback on various town centre projects and the overall vision for the future of the town. Consultation continues as each project goes through the key stages of development.

Clear visible progress can be viewed with various communication channels being used on projects working their way through the planning process combined with those currently on site that is contributing to a real vibrancy within the Town Centre. These schemes include work at the Spindles on new office accommodation, new archives centre, the new Tommyfield Market and Food Court, new Performance Space. In addition, other schemes

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currently on site include schemes to safeguard and ensure the future sustainability of historical buildings, including the Old Library and the Old Post Office which will be transformed into a state-of-the-art theatre as part of our ongoing development of Oldham's Cultural Quarter. Whilst the CaBP vision and programme is clearly articulated we continue to explore further opportunities in parallel to ensure a sustainable town centre that is safer, cleaner and greener with an improved shopping experience and regular events for all generations within the Town Centre. Further details on the various schemes can be viewed here: [Creating a Better Place | Oldham Council](#)

Further project consultation will take place at the appropriate time in conjunction with standard practice for project development / planning application considerations, however feedback from residents, local business, visitors, and market traders continues to be positive and really helpful for shaping the following projects ahead of seeking approval for progression

The transformational plans can also be viewed via a fly through video, bringing the town centre plans to life with the film outlining what we plan to do and where – including the redevelopment of Spindles Town Square Shopping Centre, the creation of a brand-new town centre park and a dedicated cultural quarter with new theatre. The video can be viewed here [Welcome to your new town centre - YouTube](#)

### 3.2 Housing

The CaBP programme continues with great success to deliver against ambitious new housing targets to meet the housing needs of our residents in delivering various sizes and tenure. Delivery of these homes include various sites across Oldham most notably Broadway Green alongside an employment site delivering valuable jobs for our residents of Oldham, the latest housing phases for Broadway Green are due to be approved in the next few months.

It is clear that Oldham is being recognised as having a clear strategic approach to regeneration and as a result securing various external funding grants to accelerate our progress, for example Brownfield Land Grant, whilst also attracting high calibre partners. Following the completion of a competitive procurement exercise, the Council were delighted to approve at Cabinet the appointment of national placemaker Muse, as its new Strategic Development Partner for the delivery of new homes within Oldham Town Centre.

Entering into a delivery partnership of this nature is a key milestone for the Council helping to realise one of the key objectives within the Creating a Better Place Programme, notably the creation of up to 2,000 new homes across a number of strategic sites.

Muse were selected as the preferred bidder having demonstrated a thorough understanding of the ambition and scale of Oldham's regeneration plans, and the capability and track-record to deliver, with a highly experienced team headed by a born and bred Oldhamer Phil Mayall. Oldham Council and Muse's joint delivery of up to 2,000 homes in the Town Centre is a fantastic opportunity to create new communities for the future and unlock brownfield land for regeneration.

Creating new homes on such a large scale will bring about a huge range of benefits for the whole borough including increased footfall in the town centre and boosting local businesses whilst maximising the opportunities presented by under-utilised sites. The partnership will also support the borough's pioneering Greener Oldham developments - supporting the Green New Deal by embedding sustainability and net zero carbon ambitions within the project where possible. The partnership will also provide opportunities for employment, learning, skills and social contributions across the design, procurement, delivery, and operational phases of the projects.



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The Creating a Better Place programme will clearly continue to play a key role in response to the Housing Crisis within Oldham and the wider Council/partner response to this key agenda and challenge.

### 3.3 Green New Deal

The Oldham Green New Deal (OGND) Strategy was adopted in March 2020 and deals with the upgrade of energy infrastructure in the Council's estate and Oldham borough to achieve stretching carbon neutrality targets. The strategy aims to achieve this by securing investment and delivery capacity in low carbon infrastructure to realise a range of benefits such as jobs and training opportunities for residents in this key growth sector, contracts for Oldham's local Green Technology and Services sector businesses, lower energy bills for businesses and residents and improvements in local green infrastructure for communities.

The OGND delivery programme comprises a range of initiatives and projects including large capital infrastructure schemes such as the Oldham Town Centre Low Carbon District Heat Network (£40m), decarbonisation retrofit of Spindles (£4m) and Wrigley Head Solar Farm (£1.3m). With the exception of Wrigley Head, most of these capital schemes have either secured grant funded (e.g. by the Public Sector Decarbonisation Scheme) or the intention is that they will be funded and delivered by our private sector should the Council wish to proceed on this basis (e.g. Town Centre District Heat Network). This Town Centre Heat Network will form a strategic piece of energy infrastructure linking into the redevelopment of the Town Centre as a whole, including the new Master Developer partnership with Muse, and has already attracted significant grant funding and capacity support from the Department of Energy Security & Net Zero and the GM Combined Authority. First Choice Homes Oldham are also a key partner in that project, and we have the opportunity to transfer the existing heat network at St Mary's into the new town centre wide heat network scheme at a future point in time.

Other projects within the OGND delivery programme include RED WoLF (demonstrating an innovative hybrid low carbon electrical heating system in 19 Council-owned social homes at Primrose Bank), Alexandra Park Eco-Centre (depot renovation), Northern Roots (now an independent charity developing the UK's largest eco-park) and the Oldham Green New Deal Delivery Partnership.

The OGND Delivery Partnership initiative is the most significant of all of the projects within the OGND programme, and aims to establish a cross-sector investment and delivery partnership which will procure a major commercial infrastructure developer partner to work with Oldham's anchor organisations and communities to develop and deliver a pipeline of low carbon infrastructure projects to meet local needs and priorities (including the reduction of energy bills for residents and businesses). Oldham's Local Area Energy Plan (developed by Energy Systems Catapult as part of the GM Local Energy Market project) shows an opportunity for up to £5.6bn of low carbon infrastructure in the borough which will be required to reach carbon neutrality. The Council has carried out three market engagement exercises which have each showed significant interest from major market players in working in Oldham on a collaborative basis. The Council has also recently submitted a bid for £1.6m of revenue grant funding from Innovate UK (as part of a consortium with GMCA and Manchester CC) which, if successful, will fund all costs associated with establishing the OGND Delivery Partnership. The partnership is expected to be self-funding on an ongoing basis.

Further grant funding from the Levelling Up Fund is supporting the creation of the Green Shoots Centre, a state-of-the-art zero carbon business incubator facility to be situated at Rhodes Bank (also the site for the proposed low carbon heat network energy centre), the new town centre park and an education centre at Northern Roots, as well as improvements in active travel infrastructure in the Oldham Greenway.

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The Council also recently secured £140K revenue grant funding from Connected Places Catapult to develop area-based retrofit schemes for 'able to pay' Oldham residents to support them to improve the energy performance and comfort of their homes and reduce their energy bills over the longer term.

#### **4.0 Creating a Better Place: Project Updates**

4.1 An overview and further information on the progress of the CaBP Programme is provided within the accompanying presentation for scrutiny members to review, given the commitment to make timely progress and so local communities can see the projects brought to life on site and benefiting from our Social Value commitments.

#### **5.0 Consultation**

5.1 The CaBP programme was constructed following comprehensive consultation with our local communities and businesses to help clearly define and ensure wider awareness and engagement with our regeneration ambitions. This work has also helped ensure that local priorities, and ideas and suggestions from local communities and businesses were embedded into the Programme and associated project work in various stages from planning through to delivery.

5.2 The engagement process formed part of the Big Oldham Conversation, with specific consultation and engagement events both digitally and in person with specialist groups, residents, town centre businesses and market traders to help raise awareness and seek feedback on various town centre projects and the overall vision for the future of the town. Consultation continues as each project goes through the key stages of development.

#### **6.0 Key Decision**

6.1 No

#### **7.0 Background Papers**

7.1 Not Applicable

#### **8.0 Appendices**

8.1 CaBP PowerPoint Presentation

# Creating a Better Place

Page 115

**Policy Overview & Scrutiny Committee**

**March 2024**



# Vision & Outcomes

**‘Creating a Better Place’** sets out a comprehensive vision and strategic framework for the borough, which includes the Oldham Town Centre Vision, Housing Strategy, Green New deal and utilisation of the Council’s corporate estate (land and property) to support development and open space requirements across the borough.

The ambition and vision is that .... we will be **‘Creating a Better Place’...**

... by building quality homes

... by providing opportunities to learn & gain new skills

... by providing opportunities to grow local businesses and create jobs

... by ensuring Oldham is the greenest borough

... by embedding sustainability, energy efficiency & low (zero) carbon

... by improving life-chances and the health / well-being of our residents

and local communities

# CaBP Benefits To Date

Output/ Outcome	All Years	
	Profile	Actual
New Homes created (Borough wide)	2,250	1,100
New Council Tax created (Borough wide recorded)	£3,375,000	£1,131,842
Disposals - Capital receipts	£11,139,407	£13,943,561
Disposals - Revenue saving	£8,771,000	£2,377,000
New commercial floorspace created (retail, leisure and commercial)	700,000	383,324
External Funding secured	£75,000,000	£73,685,018

# External Grant Funding Secured

- £24.4m Towns Fund
- £20m Levelling Up Fund
- £11.5m Mayors Cycling and Walking Fund
- £10.4m Brownfield Land Release Fund
- £8.7m Green Heat Network Fund
- £8.4m Future High Street Fund
- £3.8m Shared Prosperity Fund
- £2.1m Spindles decarbonisation works
- £1.9m UU Recovery Fund
- £237,000 High Street Accelerator Fund

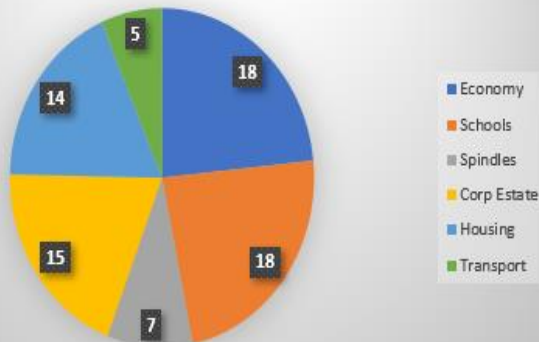
# CaBP Programme Performance Dashboard

## PROJECT DATA

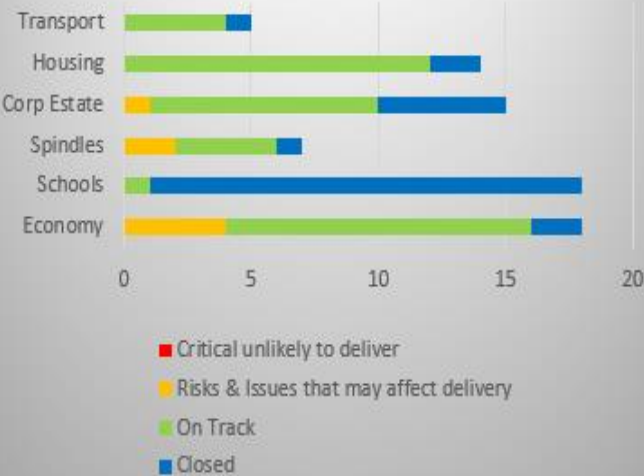
### Project By Stage

Design	Delivery	Closed
20	28	29

### Projects by Theme



### Overall Project Status by Theme



## RISK DATA

### Risk Stratification (Programme Level)

P R O B A B I L I T Y	5	4	3	2	1
	5	0	0	0	0
4	0	0	0	0	3
3	0	1	4	1	0
2	0	4	7	4	0
1	0	0	0	0	0
	1	2	3	4	5
	IMPACT				

### Detail of Red Programme Risks

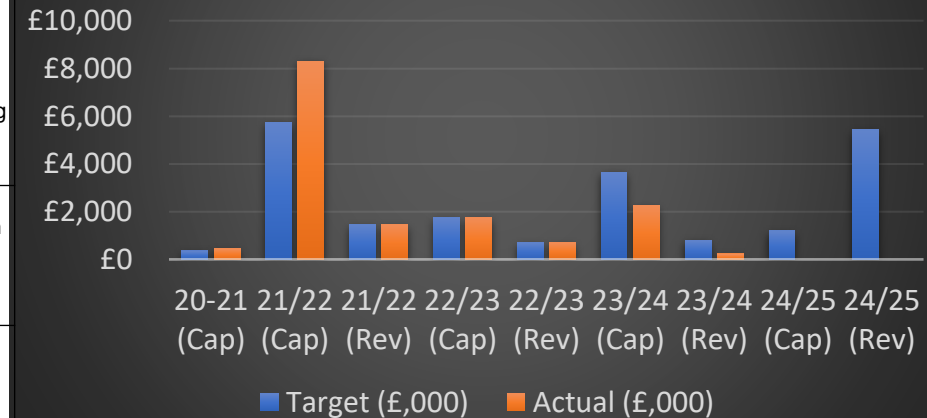
Description of Red Risks	Risk / Issue Owner	Mitigation / Response Action
Costs of supplies could increase due to inflationary pressures resulting in higher than anticipated tender prices & unaffordable schemes	All Theme Leads/ PM's	Ensure procurement process drives value for money and where possible the Council contract fixed price. Council seeks to value engineer schemes to remain within budget whilst delivering a quality end product.
Failure to secure required Project Management resources to deliver schemes	All Theme Leads	Current review of structure underway with interim support for schemes that requires progression at pace.
Failure of schemes to complete eligible activity to maximise external grant funding	All Theme Leads/ PM's	Ensure contracted grant profile is realistic and monitor against project progress. Regular engagement with funders.

## FINANCIAL DATA

### Expenditure - Budget v spend

	Budget	Spend	Projection
Capital	£ 254,713m	£82,734m	£254,713m
Revenue	£2.606m	£1.993m	£2.606m

### Savings Programme (Capital & Revenue)



# SVP CaBP Programme



## Account Headlines

Total Social Value includes Projects in Delivery Phase only. Click values to Copy to Clipboard.

DELIVERED SOCIAL VALUE  
**£21,321,965**

COMMITTED SOCIAL VALUE  
**£38,046,596**

% COMMITMENTS DELIVERED  
**56.08%**

LIVE PROJECTS **+**  
**14**

CLOSED/DEMO PROJECTS  
**17**

CONTRACT VALUE INCLUDED  
**£147,751,499**

% SOCIAL VALUE ADD  
**14.43%**



# SVP CaBP Programme

- To date the Creating a Better Place Programme has generated £21m worth of Social Value with an average 14% SVP against contract value. The approach has delivered a number of benefits to date including:
  - **780** weeks of apprenticeships
  - **1,289** hours of Career Support sessions
  - **74** locally employed individuals
  - **£35m** of Local Spend
  - **463** Volunteer Hours

# Old Library Phase One Scheme - Tilbury Douglas Social Value Delivered

65

Meet the Buyer HRS



02

Open Doors Key Site 2022/23



45

CCS Score



92%

Orders Placed with SMEs



17%

Apprentice Cohort – 474 weeks



140

Hrs Volunteering



94%

Local Spend



43

T Level Placement Weeks



£5430

Donations In Kind



11

New Employment Opportunities



186

Hrs. Educational Outreach



116

Hrs. Supporting Mental Health & Wellbeing



SOCIAL VALUE RETURN ON INVESTMENT

£4,079,943.00

# Activity – Social campaign

19 October at 11:08 · 🌐

Check out our friends from Willmott Dixon doing their bit for Oldham!

The team, who are working on the redevelopment of Spindles, spent a morning at Wildbrook Allotments, Fitton Hill, helping the Get Oldham Growing project.

They cleared out two overgrown and vandalised polytunnels so now they can be used to grow fruit and veg for the local community.

The Spindles project is also supplying 'waste' materials for use at the allotments – things like cardboard and pipes are all being put to good use so Get Oldham Growing can carry on its brilliant work, helping Oldhamers to grow their own food.

Spindles might be in the town centre, but we're making sure its redevelopment benefits people right across the borough.

If there's a local cause you think could do with a helping hand, let us know in the comments.

Find out how we're transforming Oldham at [www.oldham.gov.uk/regen](http://www.oldham.gov.uk/regen)



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**I love Oldham**  
Published by Sprout Social · 17 October at 10:51 · 🌐

We're giving our young people the chance to get involved... 🌱

One day in the future, someone might discover the time capsule Knowsley Primary pupils buried in the Old Library during its refurbishment.

They'll discover self-portraits, a poem about Oldham, a list of their names, a Covid test kit, a till receipt from Tesco, a school badge and a copy of a local newspaper – all items created and chosen by the kids.

They also got a behind-the-scenes tour of the building site. We hope we inspired the next generation of architects, historians, authors, artists...and whatever else captured their imaginations!

Find out how we're transforming Oldham at [www.oldham.gov.uk/regen](http://www.oldham.gov.uk/regen)



**I love Oldham**  
Published by Sprout Social · 26 October at 10:49 · 🌐

"I'm delighted that Muse has partnered with Oldham College to create real, on the ground, career opportunities for our young people.

"This news comes after the announcement of Muse being selected to be our partner to build around 2,000 much-needed homes within Oldham town centre.

"The partnership with Muse will bring millions of pounds of investment into Oldham and create a place where more people want to live, work and raise their families.

Cllr Arooj Shah, Leader of Oldham Council

Read more on what it means here: <https://museplaces.com/.../muse-signs-grassroots.../>



See Insights and Ads

Boost post



**loveoldham** · Follow

loveoldham We're not just regenerating Oldham – we're creating new jobs for people like Jordan...

"I had been working as a gardener but broke my hand and lost work.

"The Job Centre put me in touch with Get Oldham Working who recommended I send my CV and a covering letter to Rowan Ashworth as I already had my CSCS Card.

"A few days later they got in touch to offer me a trial – it went well and they

20 likes  
13 OCTOBER

Add a comment... Post

Oldham Council · 0.24 / 10 followers  
2w · Edited · 🌐

The regeneration of Oldham is helping to inspire the workers of the future.

Willmott Dixon - the team helping to redevelop Spindles – met with young Oldhamers recently.

The Year 9 pupils took part in a 'World of Work' day to explore the many different jobs available in the construction industry.

We hope it laid the foundations for some future construction careers!

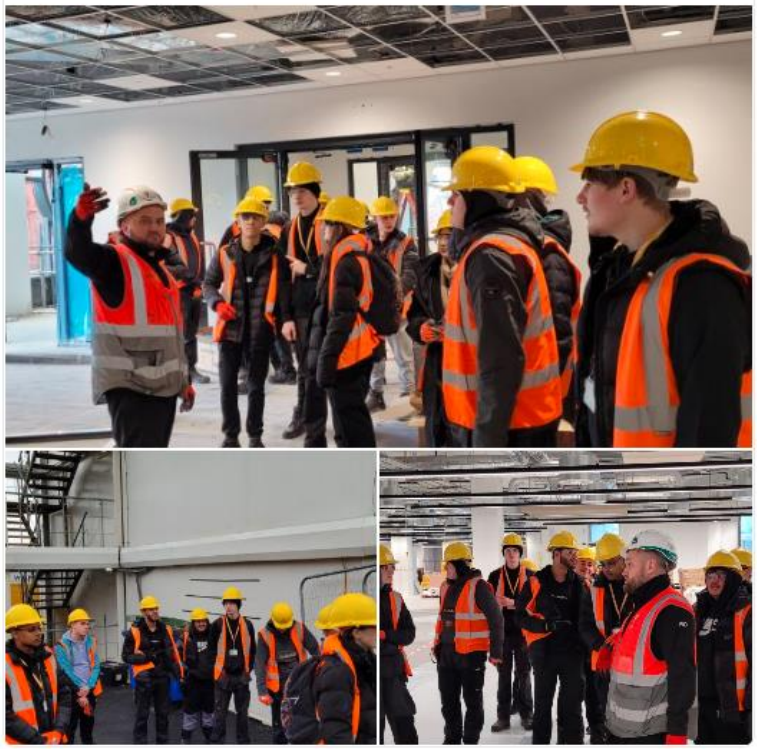
Find out how we're transforming Oldham at [www.oldham.gov.uk/regen](http://www.oldham.gov.uk/regen)



7



Thanks to [Ryan Ormonde MCIQB](#) who kindly gave the students a gu ...see more



Emma Barton and 16 others



### Post

Oldham Council  
 @OldhamCouncil

Promote

This week [@Shah Arroj](#) and our planning and regeneration teams welcomed A-Level geography students from [@OSFC Info](#) to the Civic Centre. They found out more about the planning process and how our borough has been developed over the years, exploring its past, present and future.



Arroj Shah and OSFC

# Activity – January

## Social value



Oldham Parish Church is now more accessible thanks to Rowan Ashworth Ltd 🌟

As part of their community give back, the team at Rowan Ashworth replaced a temporary metal ramp with a beautiful stone one, seamlessly integrated into the church's architecture.

🗨️ Vicar Daniel Burton says, "It looks very authentic as it's totally integrated into the existing stonework. We're extremely pleased... It's wonderful to have no-fuss access and we're very grateful to Rowan Ashworth for making this possible!"

#LoveOldham #OldhamParishChurch

👍❤️ 146 21 comments 8 shares

👍 Like 🗨️ Comment 🔗 Copy ➦ Share



Vicar Daniel Burton and Stuart Lowe, Contacts Director at Rowan Ashworth Ltd

Posts About Videos More ▾

What a day 🙌 Oldham Council Leader Arooj, Rowan Ashworth Ltd Director Stuart and Councillor Mohon had an uplifting visit to East Crompton St George's Primary School to see their new immersive room! 🌈

Thanks to the incredible generosity of Rowan Ashworth Ltd, students now have a brand-new immersive room. This £20,000 investment goes beyond construction, it's an investment in their well-being and education 🌟

#OldhamCouncil #LoveOldham #ImmersiveRoom #PrimarySchool



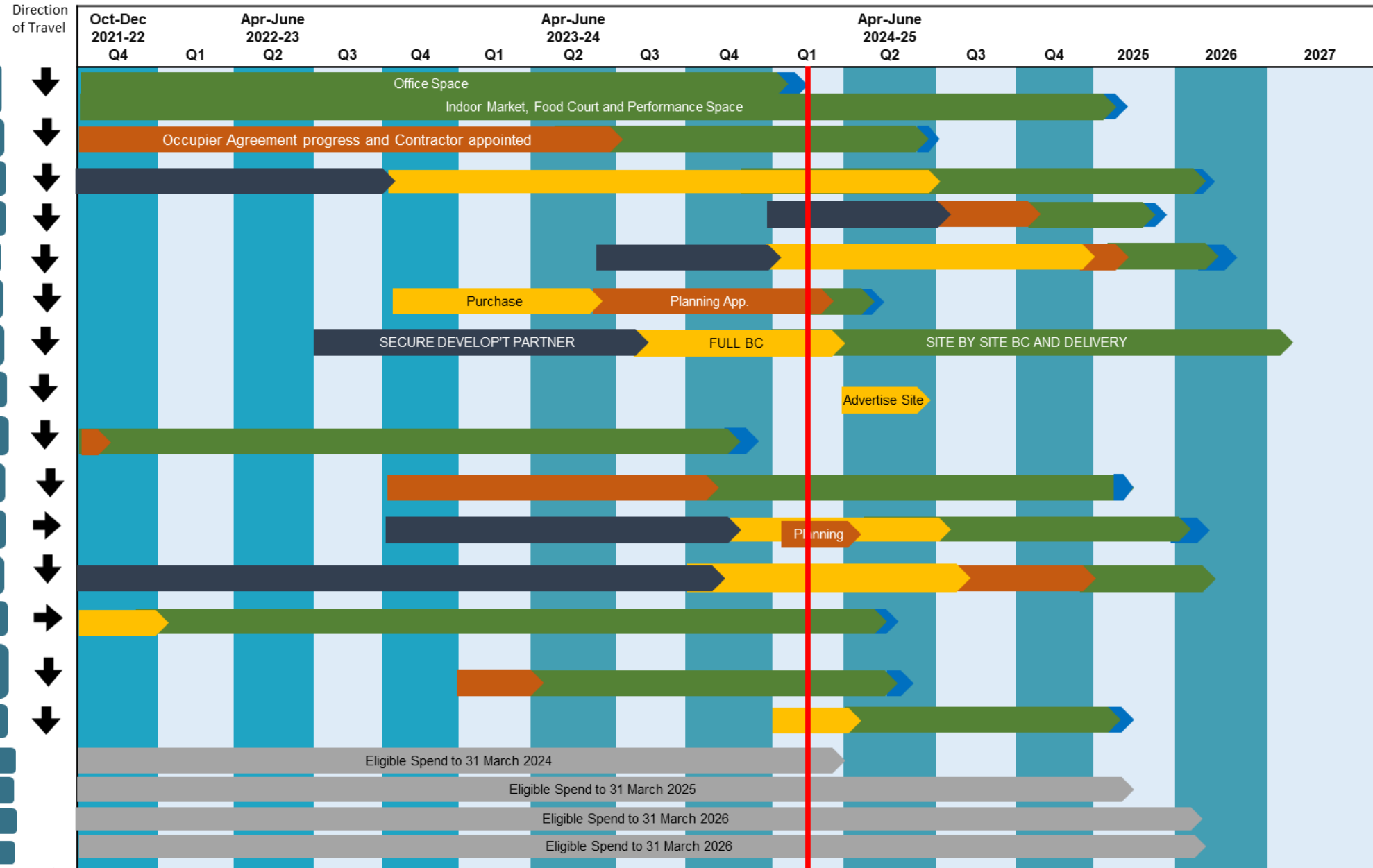


# Creating a Better Place Programme February 2024

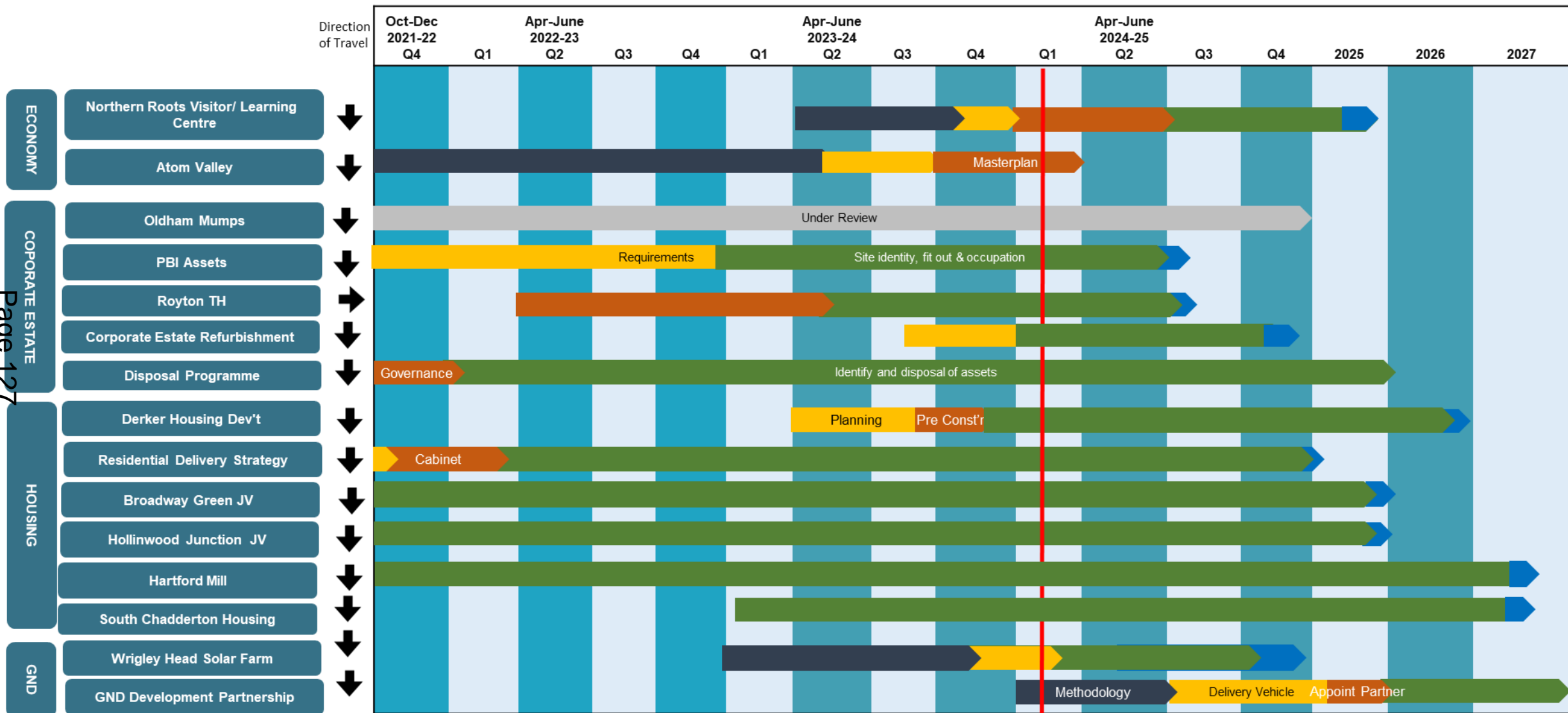


TOWN CENTRE ACTIVITY  
Page 126

EXT. FUNDING



Key: ↓ Unchanged timescale ← Shorter timescale → Longer timescale



Key: ↓ Unchanged timescale   ← Shorter timescale   → Longer timescale

# Strategic Partnerships

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# Strategic Partnerships:

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## **Broadway Green: Grasscroft & Seddons**

- Previously known as Foxdenton, Broadway Green
- Completed - Spine road running through the site (named Lydia Becker Way)
- 234 new homes have been built in first phases
- Next phase almost completed (140 out of 160 homes)
- Further phase of 42 homes in Planning.
- New Aldi store now open creating upto 50 new jobs.
- Work on new linear park to commence shortly.
- 30 acres of employment land / 500,000 square feet of employment space, 378,000 sq. ft commercial unit complete

## **Hollinwood: Langtree**

- New access road has been constructed
- Costa coffee drive-thru is now open
- Job opportunities are being managed via Get Oldham working.
- Up to 150 new homes for former Kaskenmoor school site, planning application expected to be submitted later this year.

## Muse Strategic Housing Partnership

- Opportunity for 2,000 units within the Town Centre
- MUSE were selected as the Preferred Development Partner for the Town Centre by Cabinet in June 2023.
- Master Developer Agreement signed between parties – Sept 2023
- A successful One Public Estate Brownfield Grant Bid for £3.5 Million has been confirmed for former Leisure Centre Site, former Magistrates Court Site and Civic Centre.
- Homes England have provided £105k Revenue Grant to help support project implementation
- Working Group and Project Board now fully operational.
- Detailed Business Plans being developed to be approved in March 2024 with Planning Applications to follow.
- Application to GMCA Brownfield Land Grant recently confirmed for 347 apartments and £5.1m for Princes Gate
- Public Consultation around Town Centre Development Framework to commence in May 2024.

# Oldham Green New Deal

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# Oldham Green New Deal Update

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## Strategic grant-funded initiatives

### **Oldham Green New Deal Delivery Partnership**

- Initiative to establish a commercial low carbon infrastructure partnership for the borough bringing together private sector investment & delivery capacity with community-led energy planning
- The Council has secured up to £1.5m from the DESNZ Local Net Zero Accelerator programme via GMCA to fund implementation from April 2024 to March 2026
- The Council has also secured £150K grant from Innovate UK to embed Community Wealth Building principles in the OGND Delivery Partnership to maximise Social Value outcomes

### **Oldham Low Carbon Heat Network**

- New £27m hybrid heat network for Oldham Town Centre to expand the existing St Mary's heat network, currently owned by FCHO
- The Council has secured £1m revenue and £7.7m capital funding to take the scheme to RIBA Stage 3 design – will be delivered by the new OGND Delivery Partner

# Oldham Green New Deal Update

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## Other projects

### **Wrigley Head Solar Farm**

- Owner's Engineer (Arup) appointed, main design & build tender (est value £1m) will be published end February / beginning March for a September start on site

### **Alex Park Eco Centre**

- New home for Environmental services front line staff with capacity for external events, programmed for completion April/ May 2024.

### **Net Zero Spindles**

- £2.1m grant funded decarbonisation works included in overall renovation programme – electrical heating, roof and wall insulation

### **Area-based domestic Retrofit scheme**

- 'Able to Pay' owner occupiers – funded £10K by Council / £140K by Connected Places Catapult, feasibility study complete by end March with recommended delivery option

### **Carbon Literacy e-learning package**

- 1,600 staff have now completed the mandatory training, the first type of training within GM

# Oldham Green New Deal Update



**I love Oldham**  
Published by Sprout Social · 18 December 2023 at 16:33 ·

The new Eco Centre at Alexandra Park is looking amazing!

The building will be a new home for our environmental services staff who do a great job looking after Oldham's parks, and gardens and keeping our streets clean and green.

It will also be open to the community – with light and airy spaces for meetings and events.

Cllr Abdul Jabbar, Cabinet Member for Finance and Corporate Resources, said:

"The new depot is a great new addition to Alexandra Park and I look forward to welcoming our staff and residents in when it opens early next year.

"It's a highly sustainable building, which uses clean energy including solar panels and air source heat pumps, boosting our commitment to making Oldham the greenest borough in Greater Manchester.

**Oldham Council**  
8,345 followers  
6d ·

We're incredibly proud that Oldham Council is leading the way on tackling climate change.  
Have a listen to this podcast with Cllr Abdul Jabbar to find out more about what we're doing and how we're doing it 🌱🌍

**PSE NEWS** Public Sector Executive  
3,507 followers  
6d · Edited ·

LISTEN: "Achieving Net Zero" Councillor @Abdul Jabbar from [Oldham Council](#) chats to [Dan Benn](#) on our latest [#podcast](#).

...see more

**NEW EPISODE** **PSE** **PODCAST** **EP. 48**

**LISTEN NOW**

**ACHIEVING NET ZERO**

WITH **CLLR ABDUL JABBAR,**  
OLDHAM COUNCIL

# Project updates

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## Spindles: Tommyfield Market

We continue to pro-actively work with market traders and have regular discussions about the process of transitioning across into the new indoor Market within the Spindles Town Square Shopping Centre. The new market will link directly into the Spindles shopping mall and out onto Parliament Square expected to deliver increased footfall for the traders who recognise the constraints of their current location.

Expected Completion: March 2025





# Spindles: New Event Space & Archive

Our regeneration plans include an exciting new event space which will be located above Tommyfield Market and the new Food court with linkages directly into the Spindles shopping Centre and out onto Parliament Square boosting Oldham's cultural, leisure, entertainment and events offer. The design ensures a sustainable, modern, and flexible town centre location for future business events, weddings, ceremonies, conferences, and other creative performances.



The proposed Accessible Archive & Collections Centre will enable members of the public to view the museum and archive items that are not on display, in a safe and accessible environment within the Spindles shopping centre.

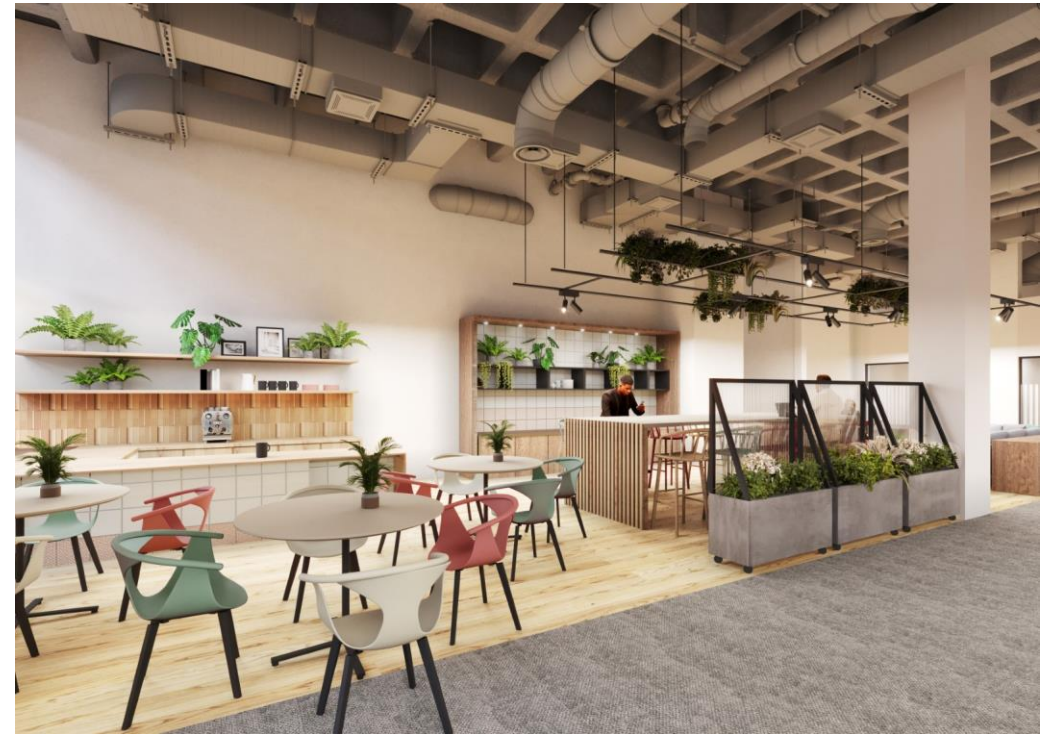
Expected completion for schemes are March 2025

## Spindles: Flexible / Social Enterprise Space

As part of our economic recovery plans, we are very keen to continue to support new business startups, and social enterprise opportunities in the town centre: therefore, a new dedicated workspace is currently under construction on the upper mall of Spindles.

The space will support businesses such as start-ups, micro-enterprises, social enterprises, and small businesses, as well as larger, more established, businesses looking for contemporary workspace as part of their post-pandemic ways of working. Oldham currently has nothing similar to offer, and this is an opportunity to inject something new into the local economy.

Expected opening April/ May 2024





# Town Centre: New Park

The redevelopment of Spindles Town Square Shopping Centre and relocation of Tommyfield Market will free up previously developed land across the town centre to enable brownfield sites to be repurposed for much-needed new homes. With a commitment to over 2,000 new homes in the town centre, this was fed into the PfE to significantly reduce the amount of development in the Green Belt across the borough.



To complement these significant residential areas, we are also developing design plans following feedback during the consultation events for a new brand new 5.7-acre park to create new green, open space for residents to exercise, play, or spend time with friends / family and for town centre workers / colleagues to enjoy outdoor space in their lunch breaks. It is currently planned for the park to open in 2025.

# Town Centre: Accessible Oldham Public Realm Improvements

The Accessible Oldham public realm improvements programme is currently in various stages from design through to delivery and will improve the streets and roads across the town centre making it easier and more enjoyable to get around – especially for pedestrians and cyclists. The first phase, Albion Street and Henshaw Street is now complete with the next phase West Street, Cheapside and Fountain St currently underway. The scheme will progress throughout the Town Centre creating new rain gardens, seating areas and quality clean public space that will complement the other projects already underway and planned

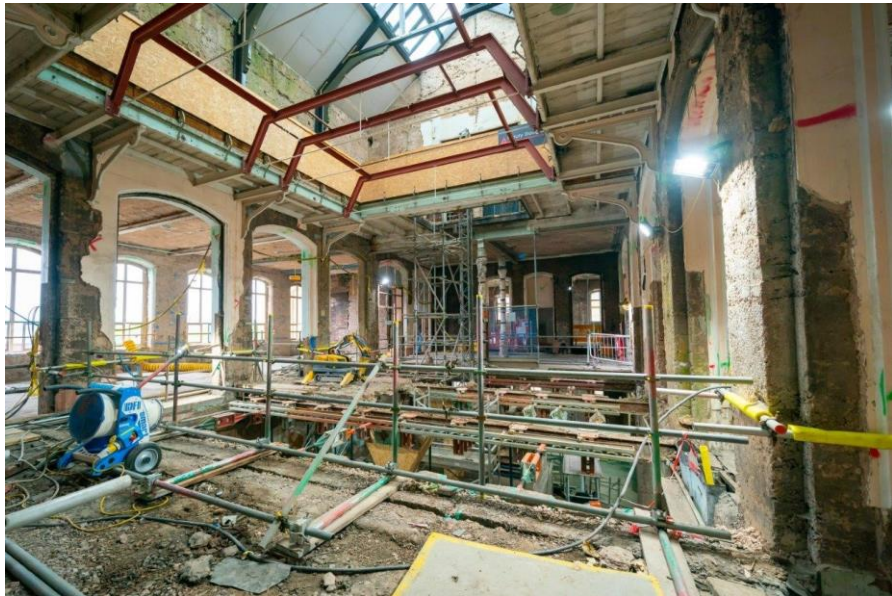




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# Cultural Quarter: Old Library Building

In direct response to requests from residents to help protect our important local heritage buildings and bring them back into use, the Council are investing in the Grade Two listed Old Library building on Union Street within the Town Centre as part of the ongoing development of the Cultural Quarter.



The building is undergoing significant restoration with the first phase to protect the integrity of the building. The next phase a full internal refurbishment, retaining and retro fitting where possible historical features, to create a new council chamber, function facilities, a gallery and 'flexible spaces' linked to Gallery Oldham for local artists and performers to display their work and embrace creative collaborations whilst also hosting family friendly events

Expected Completion: May 2025

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# Cultural Quarter: Public Green Space

Located between the Old Library and Old Post office is Oldham's first public park, Oldham recently approved plans to further strengthen the Cultural Quarter offer with a new public realm enhancements that will see the creation of an open flexible space off Southgate Street, which will become a centerpiece of the growing cultural quarter bringing together the three key buildings – the current Library and Gallery, the restored Old Library and the new theatre

Expected Completion XXX





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# Town Centre: Egyptian Room

The transformation of the Old Town Hall's Egyptian Room has reached a major milestone with work on the fit-out of the unit. It's a significant milestone in the plans for the future of the historic building – which will be transformed into a modern food hall, featuring six casual dining-style food stalls, a bar and a central seating area.

Catering for around 150 people, the Grade Two-listed space will offer both indoor and outdoor seating and will complement the Food Court across Parliament Square within the Spindles. The Egyptian Room will be converted into a bespoke contemporary food hall, all while preserving its historic character and original features.



Expected Opening: August/ September 2024

# Royton Town Hall

The Victorian styled Royton Town Hall and Library buildings have been identified for retention and investment as part of the Council's Creating a Better Place Strategic Asset Review. It will ensure these buildings of local heritage importance are improved and retained to benefit the local community and wider town.

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Construction is underway on site with refurbishment of the clock tower, some internal alterations and demolition of the extension buildings to the rear now complete. Work currently underway includes the erection of a new rear gable end wall and windows in-keeping with the original architectural design of the building, a new roof and refreshed internal layout restoring and retaining historical features wherever possible. Expected completion Summer 2024



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## CaBP Continuous Improvement Journey

- CaBP was a key component of the Councils recent LGA Corporate Peer Review.
- The programme was identified as delivering substantial and impactful change in Oldham.
- The Peer team suggested an external review of the Programme to ensure it had the necessary resources to maximise its potential.
- An independent organisation (ARCADIS) have been appointed and are in the process of reviewing the governance, processes and interviewing various stakeholders (incl Central Gov't departments).
- The initial report identifying areas of opportunity is expected in Spring.

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**Thank You, any questions**





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## Report to Audit Committee

# Proposed Audit Committee Work Programme for 2024/25

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader / Cabinet Member for Value for Money and Sustainability.

**Officer Contact:** John Miller, Head of Internal Audit and Counter Fraud

**Report Author:** John Miller, Head of Internal Audit and Counter Fraud

**25 July 2024**

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### Purpose of Report

Attached to this report is the proposed Audit Committee Work Programme for the year 2024/25.

### Executive Summary

The proposed Audit Committee Work Programme is subject to regular review by the Committee. Attached at Appendix 1 is the suggested programme of work going forward.

The report will be presented by the Head of Internal Audit and Counter Fraud.

### Recommendations

That Members of the Audit Committee endorse the proposed Audit Committee Work Programme.

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**Audit Committee Work Programme for the 2024/25 Municipal Year**

**Appendix 1**

<b>2024/25</b>		
<b>Meeting Date &amp; Venue</b>	<b>Agenda Item</b>	<b>Summary of Report Issue</b>
<b>Thursday 27 June 2024 at 6.00 pm</b>	Local Code of Corporate Governance.	This is an update to the previously agreed Local Code of Corporate Governance.
	Internal Audit and Counter Fraud Progress Report Q4 2023/24	An update report on the progress made by the Internal Audit Service.
	Proposed Audit Committee Work Programme for 2024/25	This report detailing the proposed work programme for 2023/24 including actions required to support the approval of the Statement of Final Accounts which are not yet closed.
	2023/24 Annual Audit and Opinion Report to Audit Committee	This is the Annual Report of the Chief Internal Auditor on the overall Internal Control Environment of the Council for the financial year 2023/24.
	Draft 2023/24 Annual Statement of Accounts	This is the report to the Audit Committee on the draft Statement of Accounts which also details the outturn for the financial year 2023/24.
	Treasury Management Review 2023/24	The annual review of Treasury Management for 2023/24 by the Audit Committee.
	Self-Assessment of the work undertaken by the Audit Committee during 2023/24, and Annual Report to Council.	The outcome of the workshop for Members held on 6 <sup>th</sup> March 2023 to undertake their assessment of the Committee's effectiveness during the year 2023/24 and draft Annual Report to full Council on the work of the Committee for the year including the Committee's action plan for self-development.
	Private Report; Update on the Corporate Risk Register	A report on the Corporate Risk Register to 31 March 2024.
<b>Thursday 25 July 2024, 6.00pm.</b>	Update on External Audit Matters	An update produced by the External Auditor of issues to be brought to the attention of this Committee.

**Audit Committee Work Programme for the 2024/25 Municipal Year**

**Appendix 1**

	Audit Committee Chair – Charged with Governance, Management Processes and Arrangements.	The draft response of the Audit Committee Chair to provide key assurances to support the Audit Process which are then discussed by the Committee.
	Director of Finance – Charged with Governance, Management Processes and Arrangements.	The draft response of the Director of Finance to provide key assurances to support the Audit Process which are then discussed by the Committee.
	Treasury Management Update Quarter 1 Monitoring Report	A report outlining Treasury Management activity in Quarter 1 of 2024/25.
	Internal Audit and Counter Fraud Progress Report Q1 2024/25	An update report on the progress made by the Internal Audit Service.
	Internal Audit review work in connection with DLUHC funded projects.	A report on Internal Audit review work in connection with DLUHC funded projects.
	Proposed Audit Committee Work Programme for 2024/25	This report detailing the proposed work programme for 2023/24 including actions required to support the approval of the Statement of Final Accounts which are not yet closed.
	Private Report; Senior Information Risk Owner update	This updates the Audit Committee on the key matters relating to data protection and information security breaches to 30 June 2024.
<b>Thursday 28 November 2024, 6.00 pm</b>	Update on External Audit Matters	An update produced by the External Auditor of issues to be brought to the attention of this Committee.
	2023/24 Statement of Final Accounts	This report provides an update on the 2023/24 draft Statement of Accounts and associated issues arising from the external audit.
	Treasury Management Mid-Year Review 2024/25	The planned scrutiny of the 2024/25 Treasury Management Mid-Year review before submission to Cabinet.

**Audit Committee Work Programme for the 2024/25 Municipal Year**

**Appendix 1**

	Proposed Audit Committee Work Programme for 2023/24	This report detailing the proposed work programme for 2023/24 including actions required to support the approval of the 2023/24 Statement of Accounts.
	Private Report; Update on the Corporate Risk Register	A report on the Corporate Risk Register to 30 September 2024.
	Private Report; Update on the Annual Governance Statement for 2023/24 and new issues for 2024/25.	This updates the Audit Committee on key matters included within the Annual Governance Statement.
<b>Thursday 30 January 2025, 6.00pm</b>	External Audit Progress Report	An update produced by the External Auditor of issues to be brought to the attention of this Committee.
	External Audit of Teachers' Pensions Agency Return 2022/23	This report considers the feedback following the external audit of the Teachers' Pension Agency return.
	Treasury Management Strategy Statement 2025/26	This report sets out the proposed Treasury Management Strategy for 2025/26 to support the Corporate Objectives of the Council.
	Q3 Treasury Management Update	A report outlining Treasury Management activity in Quarter 3 of 2024/25.
	Internal Audit Progress Report 2023/24 Q3 2024/25	This is the routine report on the progress made against the agreed audit and counter fraud plan.
	Updated Audit Committee Work Programme for 2024/25.	A report detailing the proposed work programme for 2024/25.
	Private Report; Update on the Corporate Risk Register	A report on the Corporate Risk Register to 30 December 2024.
	Private Report; Senior Information Risk Owner update	This updates the Audit Committee on the key matters relating to data protection and information security breaches to 30 December 2024.

**Audit Committee Work Programme for the 2024/25 Municipal Year**

**Appendix 1**

<b>Thursday 27 March 2025, 6.00pm</b>	External Audit Progress Report	An update produced by the External Auditor of issues to be brought to the attention of this Committee.
	Audit Completion Report	This report details the Audit Completion report on completion of the audit.
	2024/25 Final Accounts – Proposed Accounting Policies and Critical Judgements	In line with best practice, approval is sought for the significant accounting policies and critical judgements to be adopted in preparation for the completion of the 2024/25 Statement of Accounts.
	Housing Benefit Subsidy Audit 2023/24	This report considers the feedback on the external audit of the Housing Benefit Subsidy Grant claim.
	Internal Audit Charter 2025/26	An updated Internal Audit Charter for the financial year 2025/26.
	2025/26 Internal Audit and Counter Fraud Plan	The proposed plan of work for the financial year 2025/26 to enable review by the Committee.
	Audit Committee Work Programme for 2024/25 and a proposed programme for the future financial year – 2025/26.	A report detailing the 2024/25 work programme and proposed work programme for 2025/26.
	2025/26 Internal Audit and Counter Fraud Plan	The proposed plan of work for the financial year 2025/26 to enable review by the Committee.
	Private Report; Update on the Corporate Risk Register	An update on the Corporate Risk Register as of 31 December 2024 to include issues during the period to March 2025.



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

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