

Audit Progress Report

Oldham Metropolitan Borough Council

Audit Committee

January 2024



1. Audit Progress
2. National publications

01

Section 01:

Audit Progress and Audit Planning

Audit progress

Purpose of this report

This report provides the Audit Committee's 15 January 2024 meeting with:

- an update on the status of the 2021/22 Audit;
- an update on the status of the 2022/23 Audit

It also includes, at Section 2, a summary of recent national reports and publications for your information.

Audit Progress







2021/22 Financial Statements Audit

Our final remaining responsibility in respect of the 2021/22 financial year relates to the Councils whole of government accounts (WGA) return. As requested in October 2023 we submitted our auditor statement for their WGA group audit purposes. We are still awaiting the NAO to clarify whether they require any work to be carried out on the Council's WGA return as part of their sample testing.

Audit progress

2022/23 Financial Statements Audit

A number of items remain outstanding:

Audit area	Status	Description of the outstanding matters
Investment Properties		Our work is complete, on the review of the valuation of the Council's share of land at Manchester Airport.
Property, Plant and Equipment		Our work is complete on the review of property, plant and equipment valuations.
Group financial statements		We have received the Council's financial statements and working papers for its consolidation of its group accounts. We are completing our audit work relating to those group financial statements.
Pensions		We are awaiting updated accounts to review pension adjustments. In addition we still require the pensionable pay reports, and contributions reports.
Related Parties		We are waiting on a number of Members declarations.
Financial statements, Annual Governance Statement and letter of representation		We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation.

2022/23 VFM

We have commenced our work on the Council's value for money arrangements and we are currently reviewing this.

We plan to complete and report our Value for Money arrangements work alongside the remaining aspects of work on the financial statements.

02

Section 02:

National publications

National publications

	Publication/update	Key points
National Audit Office		
1	NAO report – Investigation into the homes for Ukraine scheme	The NAO has published its investigation into the Homes for Ukraine scheme. The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.
2	NAO insight - Financial management in government: strategic planning and budgeting	The NAO has published a good practice guide in financial management/ The guide is aimed at senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting.
3	NAO report - Approaches to achieving net zero across the UK	The NAO has published its report on Approaches to achieving net zero across the UK. This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, NAO and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments’ legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions.
4	NAO Report Reforming adult social care in England	In 2019, the government promised to “fix the crisis in social care”. Following the COVID-19 pandemic, in September 2021 Department of Health & Social Care (DHSC) published Build Back Better: Our Plan for Health and Social Care. The NAO report looks at how DHSC is responding to the challenges facing adult social care in England, and its progress with delivering the reforms set out in the 2021 white paper.
5	NAO Departmental overviews	The NAO has published the following department overviews. They summarise the key information and insights that can be gained from the NAO’s examinations of the departments and related bodies in the sector in England and annual reports and accounts.
6	NAO report: Resilience to flooding	The NAO last reported on government’s management of flood risk in November 2020. This report looks at the government’s long-term ambition “to create a nation more resilient to future flood and coastal erosion risk” and, in the more immediate term, whether the Department for Environment, Food, & Rural Affairs (Defra) and the Environment Agency (EA) are delivering value for money after two years of the capital programme. The report assesses Defra’s progress against the backdrop of its 2020 policy statement and EA’s 2020 strategy and EA’s performance in maintaining existing flood defence assets.
7	NAO Departmental overview: Education	The NAO has published its Departmental overview for Education which supports the Education Committee in its examination of the Department for Education’s (DfE’s) spending and performance. It summarises information and insights gained from examinations of the DfE and related bodies across the sector in England and the DfE’s annual report and accounts.

National publications - continued

	Publication/update	Key points
National Audit Office		
8	NAO report: Levelling up funding to local government	The NAO has published its report Levelling up funding to local government which examines whether the Department for Levelling Up, Housing & Communities' (DLUHC) three significant levelling-up funds are likely to deliver value for money. The study has been conducted at a relatively early stage in the lifecycles of the three funds to identify lessons for securing value for money for the funds committed to date and inform decisions around future funding rounds.

	Publication/update	Key points
Mazars		
9	Beyond Efficiency: What's next for local government?	Mazars, in partnership with Surveys in Public Sector, recently conducted an in-depth study of local authorities nationwide to understand approaches to financial sustainability and risk.
10	Annual local government internal audit planning report	This report proposes and analyses common causes for issues being identified and makes suggestions for areas to be included in your annual internal audit plans to gain assurance that the key root causes are being addressed.

NATIONAL PUBLICATIONS

Publications

1. NAO Report – Investigation into the Homes for Ukraine Scheme

The NAO has published its investigation into the Homes for Ukraine scheme. The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.

Any adult is able to act as a sponsor providing they pass eligibility checks conducted by the Home Office and local authorities. Sponsors must commit to hosting for a minimum of six months and can claim thank you payments from government for providing suitable accommodation for Ukrainians to live in of £350 per month for the first 12 months, and then £500 for the next 12 months. In addition, the local authority where the sponsor is based receives a one-off payment of £10,500 per arrival (reduced to £5,900 for all arrivals after 31 December 2022) to help with support and integration needs.

The scheme is jointly run by the Department for Levelling Up, Housing & Communities (DLUHC) and the Home Office, who established a joint taskforce in March 2022. The Home Office primarily leads on operational matters relating to the processing of visas and checks on the suitability of the sponsor. DLUHC leads on all aspects of the scheme from the point of arrival of Ukrainians into the UK, working closely with local authorities and devolved governments.

Scope of the report

The first people to arrive in the UK under the scheme are now halfway through their permitted stay, and the emergency phase of the UK government's response to the Ukraine refugee crisis has come to a close. This report aims to increase transparency by taking stock of what has been achieved to date, for what cost, and what can be learned. The report sets out:

- how the scheme was set up at speed and the scheme objectives
- arrival numbers and the checks conducted on applicants and sponsors
- the funding provided
- challenges and future risks with the scheme

This investigation does not seek to examine and report on the value for money of the scheme.

<https://www.nao.org.uk/reports/investigation-into-the-homes-for-ukraine-scheme/>

NATIONAL PUBLICATIONS

Publications continued

2. NAO insight - Financial management in government: strategic planning and budgeting

The NAO has published a good practice guide in financial management aimed at senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting. Planning in a strategic and realistic way gives organisations the best chance to thrive – to help inform trade-offs and operate in an effective and efficient way.

The guide outlines how finance leaders can plan strategically and realistically to:

- Align strategy and planning
- Make planning inclusive
- Plan dynamically
- Address optimism bias
- Deal with risk and uncertainty

The insights have been drawn from NAO reports, the experiences of NAO audit teams, and the thoughts of a range of senior finance decision-makers.

[Financial management in government: strategic planning and budgeting - NAO insight](#)

NATIONAL PUBLICATIONS

Publications continued

3. NAO report - Approaches to achieving net zero across the UK

The NAO has published a report – Approaches to achieving net zero across the UK. This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, NAO and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments' legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions.

This work has several aims:

- To set out how the responsibilities and powers for achieving the net zero target are split between the UK government and each of the devolved governments.
- To provide insight and stimulate public discussion on each UK nation's overall approach to achieving net zero.
- To support the scrutiny of governments' arrangements to achieve net zero.
- To lay the foundations for potential further work on climate change by the UK's public audit offices.

The report include the following key themes:

- The four nations have different emissions profiles and varied approaches to achieving net zero, but the choices they make must ultimately deliver net zero at the UK level.
- Given the different net zero targets, carbon budgets and policies across the nations, there will be opportunities for the governments to learn from each other.
- Achieving net zero in any one nation depends on UK-level action, and vice versa.
- Effective working relationships and close engagement between the UK and devolved governments will be vital to achieving the overall aim of net zero.

<https://www.nao.org.uk/reports/approaches-to-achieving-net-zero-across-the-uk/>

NATIONAL PUBLICATIONS

Publications continued

4. NAO report - Reforming adult social care in England

Following the COVID-19 pandemic, in September 2021 Department of Health & Social Care (DHSC) published Build Back Better: Our Plan for Health and Social Care. The NAO report looks at how DHSC is responding to the challenges facing adult social care in England, and its progress with delivering the reforms set out in the 2021 white paper. The report examines:

- key pressures and challenges in adult social care in England;
- DHSC's response to increasing pressures in adult social care during 2022; and
- how DHSC is delivering reform and progress against its commitments

The report concludes that DHSC's 10-year vision for adult social care reform was broadly welcomed by the sector as a step forward. But rising inflation compounded long-standing pressures and led DHSC to reprioritise money and activity to provide local authorities and care providers with some much-needed financial stability.

The sector remains challenged by chronic workforce shortages, long waiting lists for care and fragile provider and local authority finances. Although there are some early signs of improvement in some of these, it remains to be seen whether these trends will continue and at what cost.

Two years into its 10-year plan, DHSC has delayed its charging reforms, scaled back system reform, and is behind on some aspects of its revised plan. It has a long way to go if it is to deliver its ambitions. If DHSC is to successfully reform adult social care, it will need to manage some significant risks, including its own capacity and that of local government to resume charging reform activity alongside system reform.

To maximise its chances of succeeding, DHSC will need to make sure it understands how the different strands of its reforms relate to each other, and the cumulative impact on local authorities and other stakeholders. It must be clear what the critical steps are, manage delivery against those closely and put in place governance needed to manage delivery risks effectively.

Adult social care reform has been an intractable political challenge for decades, and in 2019 DHSC raised expectations that it would be addressed. Working with the sector, DHSC now needs to demonstrate how it is delivering on these plans.

<https://www.nao.org.uk/reports/reforming-adult-social-care-in-england/>

NATIONAL PUBLICATIONS

Publications continued

5. NAO Departmental overviews

- The NAO has published the following department overviews. They summarise the key information and insights that can be gained from the NAO's examinations of the departments and related bodies in the sector in England and annual reports and accounts:
- Department for Transport: Spends £41 billion each year to support the transport network that helps get people and goods travelling around the UK
- Home Office: Spends some £25 billion each year with the aims of keeping UK citizens safe and our borders secure, reducing crime; tackling terrorism; enabling the legitimate movement of people and goods to support economic prosperity; and tackling illegal migration.

<https://www.nao.org.uk/overviews/department-for-transport-2022-23/>

<https://www.nao.org.uk/overviews/departmental-overview-2022-23-home-office/>

NATIONAL PUBLICATIONS

Publications continued

6. NAO report: Resilience to flooding

The NAO last reported on government's management of flood risk in November 2020. This report looks at the government's long-term ambition "to create a nation more resilient to future flood and coastal erosion risk" and, in the more immediate term, whether the Department for Environment, Food, & Rural Affairs (Defra) and the Environment Agency (EA) are delivering value for money after two years of the capital programme. The report assesses Defra's progress against the backdrop of its 2020 policy statement and EA's 2020 strategy and EA's performance in maintaining existing flood defence assets.

The report covers:

- the government's long-term ambition and objectives and Defra's governance, understanding and management of flood risk
- progress on the capital programme to build new flood defences and risks to future delivery
- EA's performance in maintaining flood defence assets

The report concludes that to combat the growing dangers from flooding, the government has doubled its capital funding in England for the six years to 2027. To manage the larger capital programme and record levels of investment, Defra has intensified its scrutiny and is taking steps with EA to develop a more granular understanding of flood risk.

However, the capital funding is forecast to deliver protection to far fewer properties by 2027 than was promised when the capital programme was launched. Due to underspending in the first two years of the programme, EA will need to achieve record levels of investment in the remaining four years of the programme to spend the full £5.2 billion allocated to the programme. There is a risk that value for money will be further eroded if projects are accelerated or new projects are introduced too quickly to meet this level of investment.

On top of this, EA's maintenance of its assets is not optimising value for money. For the lack of £34 million in annual maintenance funding for 2022-23, more than 200,000 properties are at increased risk of flooding. At the same time, EA underspent by £310 million in the first two years of the capital programme.

Neither Defra nor EA assessed whether using some of this underspend to meet the shortfall in its maintenance budget in 2022-23 would have provided better value for money than deferring it to later in the capital programme.

The government acknowledges that building new flood defences and maintaining existing ones is no longer enough and that a wider range of interventions is now needed to build resilience against increasing flood risk. Although the government's vision for flood resilience stretches to the year 2100 and EA has a number of strategic objectives for 2050, it has not set a target for the level of flood resilience it expects to achieve and has not mapped out any solid plans beyond 2026 to bridge the gap between its shorter-term actions and long-term objectives. This will make it difficult for the government to make rational and informed decisions about its priorities, measure its progress or plan effective investment for the long term.

<https://www.nao.org.uk/reports/resilience-to-flooding/>

NATIONAL PUBLICATIONS

Publications continued

7. NAO Departmental overview: Education

The NAO has published its Departmental overview for Education which supports the Education Committee in its examination of the Department for Education's (DfE's) spending and performance. It summarises information and insights gained from examinations of the DfE and related bodies across the sector in England and the DfE's annual report and accounts.

In 2022-23, the DfE spent £83 billion to meet its responsibilities for children's services and education, including early years, schools, further and higher education policy, apprenticeships, and wider skills in England.

<https://www.nao.org.uk/overviews/department-for-education/>

NATIONAL PUBLICATIONS

Publications continued

8. NAO report: Levelling up funding to local government

The NAO has published its report Levelling up funding to local government which examines whether the Department for Levelling Up, Housing & Communities' (DLUHC) three significant levelling-up funds are likely to deliver value for money. The study has been conducted at a relatively early stage in the lifecycles of the three funds to identify lessons for securing value for money for the funds committed to date and inform decisions around future funding rounds. The report considers whether:

- the three funds have clear aims and objectives and have been designed and allocated as part of a joined-up approach
- the three funds have been distributed in line with their objectives and if they are delivering projects as planned
- DLUHC has an effective approach for the evaluation of the three funds

The report concludes that in 2021 DLUHC had a poor understanding of what had worked in its previous local growth programmes and was not well placed to manage the increase in grant-making required by its new £4.8 billion Levelling Up Fund and £2.6 billion UK Shared Prosperity Fund. However, more recently the Government Internal Audit Agency has found that DLUHC has improved its oversight of its major levelling-up funds.

DLUHC was slow to agree funding across the Towns Fund, Levelling Up Fund and UK Shared Prosperity Fund. Towns Fund and Levelling Up Fund projects are experiencing delays, which has led to many projects needing to be adjusted or rescope.

Projects are being delivered in the context of rising costs and pressures on public finances. Reflecting this context, DLUHC has taken steps to understand local authorities' delivery challenges and is piloting a more flexible approach to move money between Towns Fund and Levelling Up Fund projects. However, at this stage it appears unlikely that local authorities will be able to complete projects by the original deadlines.

The ability of projects to deliver all their intended benefits will rely on DLUHC and local authorities working together to unblock those projects which are delayed or have not started and set realistic expectations for delivery.

DLUHC has made significant improvements in its approach to evaluation, which puts it in a better position to understand future impacts delivered by these funds. DLUHC has ambitious plans for the evaluation of each fund, has sought external input and is undertaking feasibility work before committing to final approaches. Most of this work is still to come and further funding will be needed to understand the effect of the projects over the longer term.

Equally important is that any high-quality learning from this evaluation work is shared with local decision-makers to support better value for money in future economic growth approaches.

To secure value for money and maximise the desired benefits from these funds DLUHC should review expectations for what outcomes can be delivered by when and support local authorities and their partners to deliver the long-term benefits for people in their local places.

<https://www.nao.org.uk/reports/levelling-up-funding-to-local-government/>

NATIONAL PUBLICATIONS

Publications continued

9. Mazars report: Beyond Efficiency

Mazars has published its report on an in-depth study of local authorities nationwide to understand approaches to financial sustainability and risk. Considering what measures are councils implementing, both now and in the months ahead, and how effective are they likely to be? How are local authorities managing risk and evolving organisational culture with minimal resources? Does innovation provide a potential solution to issues of operational efficiency, or is digital maturity still in its infancy?

Key findings include:

- Financial sustainability is fraught with few efficiencies left to be found
- Local authorities remain divided on organisational culture and risk
- Digitalisation is ongoing but the time for transformation is now

https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights/Beyond-efficiency-for-the-public-sector?utm_source=mazars&utm_medium=internal&utm_campaign=beyond-efficiency

NATIONAL PUBLICATIONS

Publications continued

10. Mazars report: Annual local government internal audit planning report

Mazars has published its report on local government internal audit planning and examines the risks facing local authorities, which are well known, but the root causes may be different. Continuing to tackle these issues in the same way is not enough, we have seen some local authorities having to make radical changes resulting from the challenges they face.

The report looks at:

- Culture
- Recruitment and retention
- Digital maturity
- Wellbeing and capacity
- Financial resilience and resource
- Business as usual

The report seeks to highlight the key root causes that are affecting control environments across local authorities. Alongside this there are other significant areas that should continue to be a focus for assurance during 2024/25.

https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights/Beyond-efficiency-for-the-public-sector?utm_source=mazars&utm_medium=internal&utm_campaign=beyond-efficiency

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