

Members of the Audit Committee
 Oldham Metropolitan Borough Council
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27 March 2024

Dear Members

Conclusion of pending matters– Audit completion report

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

The outstanding matters and the conclusions reached are detailed below:

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

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

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

Yours sincerely

Daniel Watson
Director

Appendix A – Updated Audit Findings

Corrected misstatements

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

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

Uncorrected misstatements

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

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

Appendix B – Internal Control Recommendation

Recommendation 1 – Medium Priority

Description of deficiency

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

Potential effects

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

Recommendation

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

Management Response

Recommendation 2 – Medium Priority

Description of deficiency

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

Potential effects

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

Recommendation

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

Management Response

Recommendation 3 – Low Priority

Description of deficiency

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

Potential effects

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

Recommendation

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

Management Response

Recommendation 4 – Low Priority

Description of deficiency

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

Potential effects

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

Recommendation

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

Management Response

Appendix C – Proposed Audit Report

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

Report on the audit of the financial statements

Opinion on the financial statements

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

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

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

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

Key audit matters

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

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

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

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

Benefit Net Pension Asset

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

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

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

to:

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

Key observations

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

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

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

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

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

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Matter on which we are required to report by exception

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

We have nothing to report in this respect.

Responsibilities of the Council

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

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

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

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

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

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

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

We have nothing to report in these respects.

Other matters which we are required to address

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

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

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

Use of the audit report

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

Delay in certification of completion of the audit

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

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

[Signature]

Daniel Watson Audit Director
For and on behalf of Mazars LLP

One St Peter's Square

Manchester

M2 3DE

[Insert date]

Appendix D – Proposed Management Representation Letter

To be provided to us on client headed note paper

[Date]

Dear Daniel

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

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

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

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

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

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

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

Contingencies

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

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

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

There are no undisclosed contingent gains which should be disclosed.

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

Laws and regulations

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

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

Fraud and error

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

I have disclosed to you:

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

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

Related party transactions

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

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

Future commitments

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

Subsequent events

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

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

Impacts of Russian Forces entering Ukraine

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

Global Banking Challenges

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

Covid-19

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

Brexit

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

Reinforced Autoclaved Aerated Concrete (RAAC)

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

Going concern

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

Unadjusted misstatements

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

Yours faithfully

Sarah Johnston
Director of Finance

Appendix - Single entity unadjusted errors 2022/23

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