



# Audit Progress Report

## Oldham Metropolitan Borough Council

January 2025

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Audit progress

# Audit progress

## **Purpose of this report**

This report provides the Audit Committee with information about progress in delivering our responsibilities as your external auditors for the Council.

## **2022/23 Audit**

### **2022/23 financial statements audit**

Our final remaining responsibility in respect of 2022/23 financial year relates to the Councils Whole of Government accounts (WGAs) return. As requested in March 2024 we submitted our auditor statement for their WGA Group audit purposes. We have now been notified that no further work is required to be carried out on the Council's WGA return. The Audit certificate has now been issued formally closing the audit

## **2023/24 Audit**

### **2023/24 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.

## Audit progress

### 2023/24 financial statement audit

Our work on the audit continues, and we have continued to make progress. However, there are still a significant number of areas where information is outstanding, these are included below.

Audit area	Status	Description of the outstanding matters
Laws and Regulations		We are waiting on responses from Management and TCWG to our letter regarding processes and arrangements.
Expenditure		We are waiting on number of expenditure samples and a payroll information.
Income		We are waiting on a evidence for a number of samples.
Investment Property		To be reviewed.
Property, Plant and Equipment		We are waiting on evidence to confirm ownership for an asset.
Debtors		We are waiting on evidence to confirm receipt of debtors after the year end.
Cash & Cash Equivalents		We are awaiting a bank confirmation.
Creditors		We are waiting on confirmation of payments for a sample of creditors.

#### Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.








Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

# Audit progress

## 2023/24 financial statements audit

Audit area	Status	Description of the outstanding matters
Pensions		We are waiting on payroll information reports and responses to queries regarding the IAS 19 report
Housing Revenue Account		We are working on information provided by the authority.
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.
Consolidated Accounts		We are waiting on updated consolidated group accounts.
Value for Money		We have received the self assessment and are working on the information provided.

02

National publications

## National publications

	Publication/update	Key points
<b>Chartered Institute of Public Finance and Accountancy ('CIPFA')</b>		
1	CIPFA Bulletins	CIPFA has recently issued Bulletin 18 to provide further guidance on the national response to the Local audit backlog. <b>For information only.</b>
2	Consultation on the Code of Practice for the Governance of Internal Audit in Local Government	As the internal audit standard setter for UK local government, CIPFA is consulting on a code of governance of internal audit from the perspective of the organisation (i.e. local government body) responsible for internal audit. <b>For information only.</b>
<b>National Audit Office ('NAO')</b>		
3	NAO overview: The impact of fraud and error on public funds 2023-24	This report provides an introduction to the impact of fraud and error on public funds, how public bodies can tackle fraud and error, and the NAO's examination of the topic. It is intended to support the Committee of Public Accounts, and Members across the House in their examination of how government manages fraud and error and some of the things it could do to improve. <b>For information only.</b>
4	NAO insight: Achieving environmental improvement and responding to climate change	This report draws out learning from past NAO reports to identify enablers that we see as important for tackling the challenges government faces in its environment and climate change work. <b>For information only.</b>
5	NAO insight: Guidance for audit committees on cloud services	The insight sets out specific questions for audit committees to consider when engaging with their management on this, taking a lifecycle approach and poses informed questions at three key stages, being strategic assessment of cloud services; implementation of cloud services; and management and optimisation of cloud services. <b>For information only.</b>
6	Code of Audit Practice updates	The NAO have published a new draft Code of Audit Practice ('the Code'). MHCLG has also laid regulations to introduce statutory deadlines for publication of audited accounts, which is intended to work alongside the draft Code. A consultation response has also been published to summarise feedback received during the draft Code consultation. <b>For information only.</b>
7	Local Audit Reform: a strategy for overhauling the local audit system in England	This strategy commits to a series of measures to fix the broken local audit system, including: a local audit vision with 8 core principles the establishment of a statutory and independent Local Audit Office (LAO), with 5 strategic responsibilities - coordinating the system, contract management, ownership of the Code of Audit Practice, quality oversight and reporting mandating audit committees



## National publications

	Publication/update	Key points
8	NAO report: Carer's Allowance - The NAO has published its report Carer's Allowance	The NAO has published its report Carer's Allowance ( <a href="#">here</a> ) which sets out: an overview of Carer's Allowance, including data on the number of claimants and expenditure; information about Carer's Allowance overpayments, including data on the amounts involved and on how the DWP seeks to prevent and identify overpayments; and information about DWP's handling of Carer's Allowance overpayments, including data on debt, prosecutions and penalties.
<b>Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC'))</b>		
9	Local Government Pension Scheme (England and Wales): Fit for the future – Open consultation	A consultation on a package of proposed reforms to the structure, investments, and governance of the Local Government Pension Scheme. This consultation closes at 11:59pm on 16 January 2025. <b>The Council should decide whether to respond to this consultation.</b>
10	Code of Audit Practice 2024: Explanatory memorandum	This explanatory memorandum has been prepared by the Ministry of Housing, Communities and Local Government and laid before Parliament in accordance with the Local Audit and Accountability Act 2014. <b>For information only.</b>
11	MHCLG annual report and accounts 2023 to 2024	This annual report sets out the activities of the Ministry of Housing, Communities and Local Government over the past year. <b>For information only.</b>
<b>Other</b>		
12	Major Local Audits Reports	The FRC have published their annual report on their inspection findings of Audit Quality Reviews of Major Local Audits. <b>For information only.</b>
13	ICAEW and LGPS Scheme Advisory Board launch LGPS informer	This document explains how the Local Government Pension Scheme ('LGPS') works in practice, and other key information. <b>For information only.</b>

## National publications

### CIPFA

#### 1. CIPFA Bulletins

Bulletins issued by CIPFA, with the assistance of CIPFA panels, provide practitioners with topical guidance on specific issues and accounting and reporting developments. CIPFA has issued the following Bulletin's in recent months:

##### CIPFA Bulletin 18 Local audit backlog in England

Legislation has now been passed bringing into effect backstop dates for authorities in England to publish final accountability statements. This bulletin has been written to provide guidance on what this will mean for local authority audits, in particular the types of modified opinions authorities may see and how auditors will rebuild assurance. This bulletin has been produced using additional information within the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIGs) and the FRC's explainer.

Link: <https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-18-local-audit-backlog-in-england>

#### 2. Consultation on the Code of Practice for the Governance of Internal Audit in Local Government

As the internal audit standard setter for UK local government, CIPFA is consulting on a code of governance of internal audit from the perspective of the organisation (i.e. local government body) responsible for internal audit. The RIASS have determined that the Institute of Internal Auditors' new Global Internal Audit Standards (GIAS) will apply from 1 April 2025, subject to interpretations and requirements for the UK public sector which are set out in an Application Note: Global Internal Audit Standards in the UK public sector.

Responses to the consultation are invited from all those with an interest in internal audit in the UK local government sector, including audit committee members, senior managers in local government, internal auditors, those in governance roles, and stakeholders. Responses should be submitted by 17.00 on Thursday 28 November 2024.

Link: <https://www.cipfa.org/policy-and-guidance/consultations/consultation-on-the-code-of-practice-for-the-governance-of-ia-in-local-govt>

## National publications

### NAO

#### **3. NAO overview: The impact of fraud and error on public funds 2023-24**

This report provides an introduction to the impact of fraud and error on public funds, how public bodies can tackle fraud and error, and the NAO's examination of the topic. It is intended to support the Committee of Public Accounts, and Members across the House in their examination of how government manages fraud and error and some of the things it could do to improve.

This overview summarises the key information and insights from our work. It includes:

- what we mean by fraud and error, and how government is structured to tackle it
- the fraud and error risk management cycle
- fraud and error against government, including in benefits, taxes and COVID-19 fraud
- emerging threats and opportunities
- what to look out for when thinking about fraud and error.

Link: [The impact of fraud and error on public funds 2023-24](#)

#### **4. NAO insight: Achieving environmental improvement and responding to climate change**

The government has long-term legally binding obligations to achieve environmental improvements and respond to climate change. There is scientific consensus that without significant and sustained global action, climate change and nature loss will have severe consequences for people in the UK and around the world. The government sees achieving its environment and climate change targets as part of its work to protect and increase wider public value. Meeting the government's environment and climate targets is a significant challenge. Achieving them requires major, long-term transitions across the whole economy and society, delivered by multiple government departments and the private sector.

This report draws out learning from past NAO reports to identify enablers that we see as important for tackling the challenges government faces in its environment and climate change work.

Link: <https://www.nao.org.uk/insights/achieving-environmental-improvement-and-responding-to-climate-change/>

## National publications

### NAO

#### 5. NAO insight: Guidance for audit committees on cloud services

This is the latest version of the NAO's cloud guidance for audit committees updating guides published in 2021 and 2019. Since 2021 more of the public sector has adopted cloud services, with a matching increase in government spending with the big cloud providers. Many found the previous guide to be valuable, so the NAO have updated it to reflect the evolution of cloud services. Government has developed digital policy to support moving to the cloud for over a decade, and the number of cloud services continues to increase. But some organisations may lack the capacity and expertise to choose the right services for their needs.

The NAO's guide sets out specific questions for audit committees to consider when engaging with their management on this. It takes a lifecycle approach and poses informed questions at three key stages:

- Strategic assessment of cloud services: This section covers both first-time adoption and continuing re appraisal and re-evaluation of cloud services.
- Implementation of cloud services: This covers mid-lifecycle implementation and considers system configuration, data migration, and service risk and security issues when moving from one cloud provider to another, or from on-premises to cloud for the first time.
- Management and optimisation of cloud services: This later lifecycle section covers operational considerations, the need for assurance from third parties, the capabilities needed to manage live running, and how to continue to control costs.

Link: <https://www.nao.org.uk/insights/guidance-for-audit-committees-on-cloud-services-2/>

#### 6. Code of Audit Practice updates

The NAO have published a new draft Code of Audit Practice ('the Code'), which has been laid in Parliament, as required by Section 5(5) of Schedule 6 of the Local Audit and Accountability Act 2014. Subject to Parliament's approval, the Code will come into force in late autumn 2024.

The new Code was developed following a consultation in February/March 2024. It is intended to support measures taken by the Ministry of Housing, Communities & Local Government ('MHCLG') to address the current backlog of local government audits. MHCLG has also laid regulations to introduce statutory deadlines for publication of audited accounts, which is intended to work alongside the draft Code.

The NAO has also published a consultation response, setting out the major changes to the draft Code and summarising the feedback received during the consultation.

Link: [Code of Audit Practice](#)

## National publications

### MHCLG

#### **7. Local Audit Reform: a Strategy for overhauling the local audit system in England**

This strategy commits to a series of measures to fix the broken local audit system, in addition the government is also consulting on specific proposals as part of this strategy including:

- Potential additional functions of the new LAO
- Simplifying financial reporting requirements to ensure they are appropriate
- Improvements to enhance capacity and capability in the sector, such as the introduction of public provision
- Strengthen the relationship between local bodies and their auditor
- Reforming the audit regime

Link <https://www.gov.uk/government/consultations/local-audit-reform-a-strategy-for-overhauling-the-local-audit-system-in-england/local-audit-reform-a-strategy-for-overhauling-the-local-audit-system-in-england>.

#### **8. NAO report: Carer's Allowance**

The NAO has published its report Carer's Allowance ([here](#)) which sets out:

- an overview of Carer's Allowance, including data on the number of claimants and expenditure;
- information about Carer's Allowance overpayments, including data on the amounts involved and on how the DWP seeks to prevent and identify overpayments; and
- information about DWP's handling of Carer's Allowance overpayments, including data on debt, prosecutions and penalties.

Link: [Carer's Allowance - NAO report](#)

## National publications

### MHCLG

#### **9. Local Government Pension Scheme (England and Wales): Fit for the future – Open consultation**

This consultation seeks views on proposals designed to strengthen the management of Local Government Pension Scheme investments. The proposals relate to the topics of asset pooling, local and regional investment, and scheme governance.

This consultation closes at 11:59pm on 16 January 2025.

Link: [Local Government Pension Scheme \(England and Wales\): Fit for the future](#)

#### **10. Code of Audit Practice 2024: Explanatory memorandum**

The draft Code of Audit Practice 2024 has been developed by the Comptroller and Auditor General (C&AG) and laid in Parliament on his behalf by the government. The government has produced this accompanying explanatory memorandum.

The changes in the Code are part of wider measures to address the significant backlog of unaudited local body accounts in England. This backlog affects non-NHS bodies within the Code's remit including local authorities, National Park authorities, fire authorities, police and crime commissioners, waste authorities and transport authorities

Link: [Code of Audit Practice 2024: Explanatory memorandum](#)

#### **11. MHCLG annual report and accounts 2023 to 2024**

The annual report and accounts for the Ministry of Housing, Communities and Local Government provides a comprehensive account of the department and its group's use of resources during the financial year 2023 to 2024 and information about its activities and performance against its objectives.

This report is filed in respect of the accounts up to 31 March 2024 incurred by the Ministry of Housing, Communities and Local Government (MHCLG). On 10 July 2024, the Department for Levelling Up, Housing and Communities (DLUHC) was renamed as MHCLG, so this report is filed by MHCLG in respect of the department formerly known as DLUHC.

Link: [MHCLG annual report and accounts 2023 to 2024](#)

## National publications

### Other

### 12. Major Local Audits Reports

The FRC publish an annual report on the inspection findings of Audit Quality Reviews of major local audits in England, which includes large health and local government bodies. The audit of a relevant authority becomes a major local audit if it:

- has total income or expenditure of at least £500 million; or
- administers a local government pension scheme with at least 20,000 members or assets over £1,000 million.

In the 2023/24 inspection cycle, the FRC inspected six NHS and two local government audits. The results of these inspections are included in this report. The FRC acknowledge the unprecedented circumstances facing the local audit sector and have updated their regulatory approach to the monitoring of audit quality to support the reset measures and recovery period.

Link: [Major Local Audits Reports](#)

### 13. ICAEW and LGPS Scheme Advisory Board launch LGPS informer

This document explains:

- how the Local Government Pension Scheme works in practice;
- key information flows between employing bodies, pension funds and actuaries;
- the content and purpose of annual accounting reports and triennial valuations;
- key accounting requirements for employing bodies; and
- the role of external auditors.

Link: [ICAEW and LGPS Scheme Advisory Board launch LGPS informer](#)

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