



Audit Completion Report
Oldham Metropolitan Borough Council – year ended 31 March 2024

January 2025

Audit Committee

Oldham Metropolitan Borough Council

Civic Centre

West Street

Oldham

OL11UT

26th February 2025

Dear Committee Members,

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

Audit Completion Report – Year ended 31 March 2024

We are pleased to present our Audit Completion Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 25th July 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07909 985 324

Yours faithfully

Daniel Watson

Forvis Mazars LLP

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01

Executive Summary

Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks, key audit matters and areas of management judgement. in our Audit Strategy Memorandum, which include:

- Valuation of Land & Buildings
- Valuation of Investment Property
- Valuation of the Defined Benefit Pension Liability

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £7.9m. Section 7 outlines our work on the Council arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

At the time of preparing this report, matters remaining outstanding as outlined in section 2 once the audit of these items are completed, we will provide a follow up

letter to you setting out the outcomes of these remaining areas.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We anticipate completing our work on the Council's WGA submission, in line with the group instructions issued by the NAO. We have not yet received details of the samples authorities selected by the NAO for audit review. We are unable to commence our work in this area until the sample has been received



Wider Powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts.



We have not received any such questions or objections for 2023/24.

02





Status of the audit

Status of our audit

Our audit work is substantially complete and, there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

Area of work		
Group financial statements	We are completing our work on Group accounts	
Area of work		
Financial statements, Annual Governance Statement and Completion	We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation.	

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.
-  Work on value for money arrangements

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued in July 2024.

Materiality

Our provisional materiality at the planning stage of the audit was set at is £14.9m for the single entity, and £15m for the Group, using a benchmark of 2% of gross operating expenditure at the surplus/deficit level.

Our final assessment of materiality, based on the final financial statements and qualitative factors is £15.85m for the Group financial statements and £15.8m for the Council single-entity statements using the same benchmark.

Service organisations

We set out in our Audit Strategy Memorandum our approach to auditing the Council's service organisations. We confirm there have been no service organisations during the audit.

Use of experts

We set out in our Audit Strategy Memorandum our planned use of experts to assist in our audit procedures. There were no changes to our planned approach.

Item of Account	Management's Expert	Our Expert
Defined benefit pension assets and liabilities	Hyman Robertson Actuaries	PWC – NAO's consulting actuary
Valuation of Manchester Airport land	Colliers International Property Consultants Ltd	Mazars in-house valuation team
Valuation of shareholding in Manchester Airport Holding Limited	BDO LLP	Mazars in-house valuation team
Valuation of Financial Instruments	Arlingclose Ltd	We reviewed Arlingclose's methodology for providing the fair value disclosures.



Audit approach and risk summary

Audit risk/ key area of judgement	Fraud risk	Judgement	Error	Key audit matter	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
Management override of controls	●	●	●	○	●	○	○	●	Risk satisfactorily addressed.	19
Valuation of the defined benefit liability (Council and Group)	○	●	●	●	●	○	●	○	Risk satisfactorily addressed	16
Valuation of property assets	○	●	●	●	●	○	●	○	Risk satisfactorily addressed	15
Valuation of investment property assets	○	●	●	●	●	○	○	○	Risk satisfactorily addressed	14
Valuation of shareholding in Manchester Airport (Council)	○	●	●	○	●	○	○	○	Risk satisfactorily addressed	17

Audit approach and risk summary

Overview of our group audit approach

Based on our risk assessment and the financial information for the 2023/2024, we determined that certain components consolidated into the group financial statements should be subject to either a full scope audit or a specific scope audit, as set out in the table below

Group component	Auditor	Scope	Changes to scope since planning?	Key points or other matters to report
Oldham MBC	Forvis Mazars LLP		No	The Forvis Mazars audit team undertook the full audit of the Council
Miocare CIC Ltd	Saffery LLP		No	The Forvis Mazars audit team undertook testing of Miocare's defined benefit pension liability and payroll expenditure and carried out review procedures of the remaining consolidated accounting entries. The component materiality used for these procedures was £4.8m.



Full audit

Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality



Audit of balances and/or disclosures

Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality



Specific audit procedures

Performance of specific audit procedures on the component's financial information



Review procedures

Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

04

Significant findings

Significant findings

The significant findings from our audit include our findings and conclusions on key audit matters, including:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 19 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant findings

Key Audit Matters

Valuation of investment properties (Council)

Description of the key audit matter

The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The valuation of Investment Property involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.

How our audit addressed the key matter

Our audit procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council's instructions to the valuer.
- Obtaining an understanding of the basis of valuation applied by the valuer in the year.
- Obtaining assurance on the appropriateness of the methodology and assumptions adopted by the Council's valuer.
- Comparing the valuation to our external valuation expert's estimate of the valuation.
- Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.

Our observations

Based on the work carried out to date there are no matters to bring to the Committee's attention.

Significant findings

Key Audit Matters

Valuation of property, plant and equipment (Council)

Description of the key audit matter

The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process, with regards to estimation, assets not revalued in year are valued at the current balance sheet date.

How our audit addressed the key matter

Our audit procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council's instructions to the valuer.
- Obtaining an understanding of the basis of valuation applied by the valuer in the year.
- Obtaining an understanding of the Council's approach to ensure that assets not subject to revaluation in 2023/24 are materially fairly stated.
- Obtaining an understanding of the Council's approach to ensure that assets revalued through 2023/24 are materially fairly stated at the year end.
- Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.
- Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2024.
- Testing the accuracy of how valuation movements were presented and disclosed in the financial statements

Our observations

Our work identified a £4m overstatement in the gross book value of land and buildings due to an input error. Further detail is set out in section 6, summary of misstatements.

Significant findings

Key Audit Matters

Valuation of Council's and the Groups Defined benefit scheme

Description of the key audit matter

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. 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. The assumptions should also reflect the profile of the Council's and the subsidiaries' employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's or the subsidiaries' circumstances. This could have a material impact to the Council and Group net pension liability in 2023/24.

How our audit addressed the key matter

Our procedures included:

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

Our observations

We have completed our work on this area. Section 6 outlines some misstatements identified from our work. Although some of the misstatements are material, they are technical accounting and disclosure adjustments and do not indicate significant weaknesses in the Council's reporting arrangements.

Significant findings

In addition to our findings and conclusions on key audit matters, the findings from our audit include our conclusions regarding those significant risks and key areas of management judgement set out in our Audit Strategy Memorandum that were not determined to be key audit matters, which are set out in this section.

Other significant Risks

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

Audit conclusion

We completed our procedures as planned. Our work identified that the financial system has no facility to approve journals input. Further detail is provided in section 5 internal control recommendations There are no other matters to bring to the Committee's attention in respect of our work on management override of controls.

Significant findings

Key areas of management judgement

Valuation of shareholding in Manchester Airport (Council)

Description of the key area of management judgement

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.

How our audit addressed the key area of management judgement

Our approach to auditing the investment in Manchester Airport Holdings Limited includes the involvement of the Mazars in-house valuation team.

The Forvis Mazars in-house valuation team reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used

Our observations

Based on the work carried out to date there are no matters to bring to the Committee's attention.

Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 7th June 2024. The accounts were of good quality, and supporting working papers were made available to facilitate the audit process, aiding our progress. Council finance officers have been responsive to our detailed audit queries throughout the audit. We acknowledge the increased pressures faced by the Council finance team this year, due to changes in responsibilities within the team. Despite these challenges, the finance team has continued to work collaboratively with us. We appreciate the high priority the Council's team places on supporting the audit of the financial statements and completing the audit as promptly as possible.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

Application of previous Minimum Revenue Provision overpayments

Each year the Council is required to make a minimum revenue provision for unsecured capital expenditure. We noted that the 2023/24 MRP charge included the application of £4.8m of overpayments made in 2020/21. Our discussions with the Council identified that the Council had not made disclosure of the planned use in the 2023/24 MRP Statement to the Council. As required by the Capital Finance: guidance on minimum revenue provision (4th edition). The Council had identified

the issue subsequently and this was rectified and disclosure made in the 2024/25 MRP Statement.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law;
- make an application for judicial review; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2023/24 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account.

Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Council's internal controls, we are required to communicate to Audit Committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported

deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies Council's internal controls that we have identified as at the date of this report are in set out on the following pages.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Audit Committee. We have not identified any significant deficiencies in the Council's internal controls as at the date of this report.

Other observations

We also record our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We do not have any other internal control observations to bring to your attention as at the date of this report.

Whether internal control observations merit attention by Audit Committee and/ or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Internal control conclusions

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Our testing of the collection fund identified that the Council's rateable value disclosed in Note 3 of the Collection Fund Statement was verified against the (Valuation Office Agency) VOA report. However, we were unable to trace this value back to the Council's system, Academy or any other supporting documents, suggesting that sufficient records were not maintained.

Potential effects

The rateable value and number of business properties in the Council's system are inconsistent with the VOA records.

Recommendation

We recommend that the Council should keep relevant records from Academy that reconciles with VOA records.

Management response

The Academy system was updated to ensure it was consistent with VOA records. Academy is a dynamic system and therefore going forward the Council will ensure that a screenprint of the VOA rateable value to be disclosed in the accounts will be taken from the Academy system at financial year end.

Internal control conclusions continued

Other deficiencies in internal control

Description of deficiency

Our testing of the Collection fund identified that the Council was not performing timely reconciliations for total non-domestic rateable values. Our review revealed that the last reconciliation for the year 2023/24 was completed on 04/02/2024. Consequently, the VOA report dated 28/03/2024 was not reconciled.

Potential effects

Errors may fail to be rectified and corrected in a timely manner

Recommendation

We recommend the Council to put in place a robust reconciliation review process that helps identify and correct errors in line with best practice

Management response

No errors have been detected but going forward Council to ensure that a year-end reconciliation is available for review.

Internal control conclusions continued

Other deficiencies in internal control

Description of deficiency

Our journal testing Identified that the Council currently has no facility in Agresso to approve journals, and they are posted to the ledger once input. The control measures they rely on include ongoing budget monitoring and analysis of transactions (by both finance staff and service managers), regular budget monitoring reports for revenue and capital items to ensure that items are not miscoded, ongoing reconciliations to the bank account and other key feeder systems, and the process for completing working papers at year-end to ensure system accuracy. These are detective controls. Therefore, they should implement preventative measures to reduce the risk associated with control risk.

Potential effects

Errors may fail to be detected and corrected in a timely manner.

Recommendation

The Council should enhance their system design to include a feature that allows a different person from the preparer to approve, thereby preventing errors through proactive measures rather than relying solely on detective controls.

Management response

Inputting of journals are restricted to finance staff only. Journals are input for a range of different reasons including correction of errors identified, recharges and technical accounting adjustments. For effective preventative measures to be meaningful, the person reviewing journals would potentially duplicate work and the processes would be significantly delayed as the result of any approval process. This is therefore not considered practical.

Internal control conclusions continued

Other deficiencies in internal control

Description of deficiency

Our testing of Journals identified that the list of approved personnel to process journals included several individuals who have left the organisation. These former employees had not yet been removed from the approved list despite their departure.

Potential effects

This poses several risks, including unauthorized access to sensitive financial data and the potential for fraudulent activities.

Recommendation

The approved list should be regularly updated, and the approval rights of individuals who have left the organization should be removed from the system as soon as they depart from the Council.

Management response

The Council operates a single sign on policy for IT access as a whole which includes the financial system (i.e. there is no separate login / password). The full process and what managers are required to complete is available on the intranet.

Regardless of this the financial systems team also asks for the information to be sent separately to the team so that the finance system can be kept clean and user numbers retained only for live employees. In addition to this, the finance system team also receives periodic reports from payroll on leavers and will cross reference this to active users to ensure nobody has been missed from the central IT procedure. As a final cleansing, any user who has not accessed the system for a period of 6 months is automatically parked in the system with no direct access.

Journal access is limited to finance staff only and in the interim (until a move to the cloud with more limited access), the finance systems team will action a further regular check of leavers in that service to ensure any lists, whether restricted or not by single sign on, do not contain individuals who have left the organisation.

Internal control conclusions continued

Other deficiencies in internal control

Description of deficiency

Our testing for Cash and cash equivalents identified that the client has bank accounts that have not been in operation for a number of years, that are still open and have very low or nil balances. One example of such an account is related to a school that was academised in 2017.

Potential effects

The bank accounts may be used to commit fraudulent activities.

Recommendation

The Council should close all bank accounts that are not required in a timely manner. There should be an annual review to ensure that relevant bank accounts are maintained, relevant closures actioned and that there are appropriate signatories in place.

Management response

Council to ensure timely review of all bank accounts and signatories, closing / amending where necessary.

Internal control conclusions continued

Other deficiencies in internal control

Description of deficiency

Our testing of the fixed asset register to the valuation program reconciliation identified discrepancies between the figures in the asset register and the Valuation listing. Furthermore, a reconciliation between the asset register, Valuation program, and Gross Valuation note 17 revealed a misstatement, indicating that no reconciliations were performed between the three and that the asset register was not updated.

Potential effects

Errors in brought forward figures are undetected, the PPE figures may be inaccurate, due to there being no checks on the accuracy of the information.

Recommendation

The Council should perform reconciliations between the Asset Register, Valuation Program, and Gross Values in PPE Note 17, and ensure the Fixed Asset Register (FAR) is updated in a timely manner.

Management response

Council to incorporate checks against Asset Register Gross Value, Valuation Program and PPE Note into existing quality assurance processes for accounting for fixed assets.

Internal control conclusions continued

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

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 do not exist or for which the Council does not have the rights

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.

Current position

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

Internal control conclusions continued

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

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.

Current position

Whilst the payroll team are confident that employee deductions and pension fund pay overs are correct, the interface file produced for the financial system is doubling up the revenue and balance sheet code entries.

This is known to Finance and a corrective journal input was made at the end of the 2023/24 financial year to ensure amounts were reported properly.

An internal working group between HR and Finance has been established to address the issue and currently there is an open case with the payroll software providers to investigate why this is happening. If not rectified in the payroll system before the end of the 2024/25 financial year, a similar corrective journal entry will be input again by Finance to correct the amounts in the accounts.

Internal control conclusions continued

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

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.

Current position

The Council will work to overhaul the member declaration process, ensuring that these are updated on an annual basis by all elected and co-opted members. This will be introduced by May 2025

06

Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £475K

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 25th July 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Revaluation reserve			£4,030	
	Cr: PPE				£4,030
	An error resulted in the overstatement of the gross PPE values in the asset register because it wasn't updated with the correct figures from the valuation listing.				
	The net effect on the Balance Sheet is nil				

Summary of misstatements Continued

Unadjusted misstatements continued

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
2	Dr: Debtors(Prepayments)			£8,746	
	Cr: Expenditure		£8,746		
<p>Our testing identified expenditure relating to 2024/25 that have been incorrectly included in 2023/24. The £8.7m extrapolated error should have been included as a prepayment in the 2023/24 financial statements. The net effect is increase in prepayments of £8.7m</p>					
Aggregate net effect of unadjusted misstatements		0	8,746	8,746	0

Summary of misstatements Continued

Adjusted misstatements

The misstatement in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management has adjusted and any other misstatements we believe Those Charge With Governance should be made aware of.

		Group Comprehensive Income and Expenditure Statement		Group Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Debtors			£1,793	
	Cr: Usable reserves				£1,793
For adjustments 1 to 6 below the difference is due to the updated figures based on the audited accounts of Miocare Group CIC from the interim accounts that was initially used					
2	Dr: Cash and cash equivalent	£3,357			
	Cr: Usable reserves				£3,357

Summary of misstatements Continued

Adjusted misstatements continued

		Group Comprehensive Income and Expenditure Statement		Group Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
3	Dr: Reserves			£3,509	
	Cr: Creditors				£3,509
<p>The difference is due to the updated figures based on the audited accounts of Miocare Group CIC from the interim accounts that was initially used</p>					
4	Dr: Usable Reserves			£685	
	Cr: Deferred Tax relating to pension scheme				£685

Summary of misstatements Continued

Adjusted misstatements continued

		Group Comprehensive Income and Expenditure Statement		Group Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
5	Dr: Long term Deferred tax assets			£1,913	
	Cr: Reserves				£1,913
The difference is due to the updated figures based on the audited accounts of Miocare CIC from the interim accounts that was initially used					
6	Dr: Short term current assts(deferred tax)			£803	
	Cr: Usable Reserves				£803

Summary of misstatements Continued

Adjusted misstatements continued

	Group Comprehensive Income and Expenditure Statement		Group Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
7 Dr: Unusable Reserves			£15,992	
Cr: Pension Asset				£15,992
Our work identified that Miocare Group CIC pension asset was recognised in full, the adjustment reflects the application of the pension asset ceiling.				
Aggregate effect of adjusted misstatements	3,357	0	24,695	24,695

Summary of misstatements

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Note 17 PPE Gross values corrected, various other amendments
- Note 13 Leases calculations updated
- Note 16 Unusable reserves calculation error corrected.
- Note 22 Financial instruments various amendments
- Cashflow statement difference in creditors and debtors corrected.
- Note 31 Pensions included disclosure for expected employer contributions in 2024/25
- Note 31 Adjustment relating to the Council's share of the £70m error in the pension fund assets identified by the GMPF auditor, the overall impact of the adjustment would increase the net pension asset by £3.1m. However, these increases would be netted down to nil by the impact of the asset ceiling meaning there is no overall impact on the balance sheet. Therefore, in the financial statements this would be a disclosure amendment to note 35. Given this is immaterial no adjustment has been made to the financial statements.
- Note 31 – Pension schemes – Disclosure narrative added for Virgin case
- Note 31 Pensions. inclusion of pension asset ceiling reconciliation table
- Group pension note - inclusion of pension asset ceiling reconciliation table

07

Value for Money

Value for Money

Approach to Value for Money

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

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

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report on 26th February 2025.

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation.

Our draft audit report at Appendix B confirms that we have matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report on 26th February 2025.

08

Auditor communication

Auditor Communication

The Audit Committee met 7 times over the 2023/24 financial year. The dates of the meetings and confirmation of our attendance are included in the table below and minutes of the meetings attended can be found on the Council's website.

Meeting date	Meeting attended by Forvis Mazars?	Agenda items presented by Forvis Mazars
08/06/2023	Yes	N/A
27/06/2023	Yes	Audit Progress Report June 2023
20/07/2023	Yes	Audit Strategy Memorandum for 2022/23
05/09/2023	Yes	Audit Progress Report September 2023
31/10/2023	Yes	Audit Completion Report Draft – Year ended 31 March 2023
15/01/2024	Yes	Audit Progress Report January 2024
26/03/2024	Yes	Annual Report Draft and Draft Follow Up Letter – Year ended 31 March 2023

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

Appendix A: Draft management representation letter

Forvis Mazars
One St Peters Spquare
Manchester
M2 3DE

29/01/2025

Dear Daniel

Oldham Metropolitan Borough Council - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Oldham Metropolitan Borough Council the “Council” and its Group for the year ended 31 March 2024 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 Authority Accounting in the United Kingdom 2023/24 (the Code), 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 ourselves 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 Code, as amended by the Code and applicable law.

Appendix A: Draft management representation letter

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am 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 the 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 the methods, significant assumptions and the data used by the Council and Group in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Appendix A: Draft management representation letter

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 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, as amended by 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.

Appendix A: Draft management representation letter

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 and I believe I have appropriately fulfilled those responsibilities.

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, as amended by 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.

Appendix A: Draft management representation letter

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Council and Group has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2023/24 in relation to the Council and Group's service concession arrangements that you have not been made aware of.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by 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

Appendix A: Draft management representation letter

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 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.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council and Group's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council and Group's financial and operating performance over the period covered by the financial statements.

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. A list of the uncorrected misstatements is attached to this letter as an Appendix to this letter.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Director of Finance

Appendix B: Draft 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 Metropolitan Borough Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2024, which comprise of the Council Comprehensive Income and Expenditure Statement, the Council Movement in Reserves Statement, the Council Balance Sheet, the Council Cash Flow Statement, the Housing Revenue Account (HRA) Income and Expenditure Statement, the Statement of Movement in the Housing Revenue Account, the Collection Fund statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, and notes to the financial statements and notes to the financial statements, including material accounting policy information. 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 2023/24.

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 2024 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 2023/24.

Appendix B: Draft audit report

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

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 and Group 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's 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;

Appendix B: Draft audit report continued

- making enquiries of the Director of Finance's 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;
- 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 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's and Group'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's 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.

Appendix B: Draft audit report continued

Key Audit Matter	How our scope addressed this matter
<p>Valuation of Council Property, Plant and Equipment (land and buildings including council dwellings)</p> <p>Note 17 to the financial statements discloses information on the Council's holding of property, plant and equipment (PP&E) which includes £81.4m of Council Dwellings and £694.3m of Other Land & Buildings held at current value at 31 March 2024.</p> <p>The Code of Practice on Local Authority Accounting requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.</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 2023/24 are materially fairly stated by reviewing movements 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 that assets revalued through 2023/24 are materially fairly stated at the year end.• Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations by agreement back to supporting evidence.

Appendix B: Draft audit report continued

Key Audit Matter	How our scope addressed this matter
<p>Valuation of Council Property, Plant and Equipment (land and buildings including council dwellings)</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. 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>	<ul style="list-style-type: none">• Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2024.• 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 including council dwellings included in the financial statements is materially stated.</p>

Appendix B: Draft audit report continued

Key Audit Matter	How our scope addressed this matter
<p>Valuation of Council Investment Property</p> <p><i>The Council's Balance Sheet presents its Investment Properties valued at £19.6m as at 31 March 2024.</i></p> <p>The Code of Practice on Local Authority Accounting requires that Investment Property assets' year-end carrying value should reflect the fair value at that date.</p> <p>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 investment properties 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 included an independent review via our internal valuation 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.• For a sample of assets, utilising our valuation expert to consider the reasonableness of the valuation approaches adopted by the Council and to challenge the key assumptions used in the valuations by agreeing the inputs to source data and supporting evidence. <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>

Appendix B: Draft audit report continued

Key Audit Matter	How our scope addressed this matter
<p>Valuation of the Council's and the Group's Defined Benefit Net Pension Liability</p> <p><i>The Council's Balance Sheet presents the Council's net pension liability to be valued at £38.4m at 31 March 2024 and comprises assets of £1,409.2m and funded and unfunded liabilities of £1,162.6m. and asset ceiling adjustment of £284.9m.</i></p> <p><i>The Group Balance Sheet presents the Group net pension liability to be valued at £28.9mm at 31 March 2024 and comprises assets of £1,478.2m and total funded and unfunded liabilities of £1,206.1m and the asset ceiling adjustment of £284.9m.</i></p> <p>The net pension liability represents a material element of the Council and the Group Balance Sheets. 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 several assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's and the subsidiaries' overall valuations.</p>	<p>Our audit procedures included, but were not limited to</p> <ul style="list-style-type: none">• subsidiaries' 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 utilising information provided by our consulting actuary.• 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. <p>Key observations</p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of the defined benefit pension liability included in the financial statements is materially stated.</p>

Appendix B: Draft audit report continued

Key Audit Matter	How our scope addressed this matter
<p>There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's and the subsidiaries' employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's or the subsidiaries' circumstances. This could have a material impact to the Council and Group net pension liability in 2023/24.</p>	

Appendix B: Draft audit report continued

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	£15.80m	£15.85m
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	£11.80m	£11.9m
Reporting threshold	£0.475m	£0.476m

Appendix B: Draft audit report continued

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 group audit scope included an audit of the Group and the Council's financial statements. 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 (99.8%) of the Group's total assets, (97.9%) of the Group's total liabilities, (99.92%) of the Group's income and (97.1%) of the Group's expenditure.
- Specific audit procedures were carried out on the net defined benefit pension liabilities of Miocare Group Community Interest Company.
 - For Miocare Group Community Interest Company the net pension liability represents 1.8% of the Group's total liability.
- analytical procedures were performed on 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 other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information. 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.

Appendix B: Draft audit report continued

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 2023/24, 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.

Appendix B: Draft audit report continued

The Director of Finance's is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council and Group will continue in operational existence for the foreseeable future. The Director of Finance's 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 and Group, 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, and 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.

Appendix B: Draft audit report continued

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.

Appendix B: Draft audit report continued

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 statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

Appendix B: Draft audit report continued

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 2024.

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 the Council's 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 and to report where we have not been able to satisfy ourselves that it has done so. 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.

Appendix B: Draft audit report continued

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 November 2024.

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 14th December 2017. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 6 years covering the audit of the financial years ending 31 March 2019 to 31 March 2024.

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.

Appendix B: Draft audit report continued

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

Daniel Watson, Key Audit Partner
For and on behalf of Forvis Mazars LLP

One St Peter's Square

Manchester

M2 3DE

Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.

We confirm that 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.

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulation. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	<p>We have not identified any evidence to cause us to disagree with Director of Finance that Oldham Metropolitan Borough Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements..</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
<p>System of Quality Management</p>	<p>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"> • Ensure there is an appropriate assignment of responsibilities under ISQM1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • 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.) • Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality • Evaluate responses to identify and remediation process / control gaps <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 here.</p>

Appendix D: Other communications

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate Audit Committee, confirming that</p> <ul style="list-style-type: none"> a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

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