

Report to Audit Committee

Q4 2024/25 & Q1 2025/26 Internal Audit and Counter Fraud Progress Report

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance, Corporate Services & Sustainability

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

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

23 July 2025

Reason for Decision

The Audit Committee's Terms of Reference state that:

4.4.2 The Audit Committee shall:

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

This report provides Members with a high-level progress report on the work of the Internal Audit and Counter Fraud team for the 2024/25 financial year, and Q1 of the 2025/26 financial year. Which, alongside the Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2024/25, assists the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution.

Executive Summary

The report summarises the work carried out by the team from 1 April 2024 to 30 June 2025.

Work on the Council's Fundamental Financial Systems (FFS) reviews for 2024/25 is now complete and all reports issued.

Audit and Counter Fraud Team activity during 2024/25 included:

- Completion of thirty-nine audit reports in connection with a wide variety of systems of governance and internal control in place to help ensure good governance and sound financial management across all Council Directorates.
- Completion of three Grant Assurance reviews.
- Corporate Counter Fraud activities have identified £448,786 of fraud, errors and overpayments.

Audit and Counter Fraud Team activity during Q1 2025/26 included:

- Completion of seventeen audit reports in connection with a wide variety of systems of governance and internal control in place to help ensure good governance and sound financial management across all Council Directorates.
- Corporate Counter Fraud activities have identified £33,297 of fraud, errors and overpayments.

Recommendation

Members are requested to consider the 2024/25 and 2025/26 Q1 Audit and Counter Fraud Progress Report.

2024/25 Q4 & 2025/26 Q1 Internal Audit and Counter Fraud Progress Report

1. Background

- 1.1 This report summarises the work of the Audit and Counter Fraud Team between 1 April 2024 and 30 June 2025.
- 1.2 The main content of the report is structured as follows:
- Section 2: 2024/25 & 2025/26 Audit and Counter Fraud Service: Progress Update.
 - Section 3: Corporate Counter Fraud.

2. 2024/25 & 2025/26 Audit and Counter Fraud Service: Progress Update

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

Progress against these priorities is summarised below:

2024/25 Fundamental Financial Systems (FFS) reports

- 2.2 Work on the 2024/25 FFS reviews is now complete and all reports have been issued. The outcomes of the FFS reviews are shown at Appendix 1.

Other work completed

- 2.3 Seventeen other pieces of planned work were completed and reported in Q4 and Q1 in connection with:
- Standards (Code of Conduct) Review
 - Fleet Management – Follow up
 - Contracts Register – Follow up
 - Postal Vote Integrity Review – Parish Election
 - Horton Mill Community Primary School
 - IT Asset Management – Follow up
 - National Cyber Security Centre Assessment Framework
 - Housing Options
 - St, Agnes CofE Primary School
 - IT Supplier Management
 - Cloud Service Management
 - Corporate Performance Management
 - Overtime review
 - Children's to Adults Social Care Transitions
 - Procurement Act 2023
 - Whitegate End Primary School
 - IT Physical Security & Environmental Controls
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The outcomes of these reviews are shown at Appendix 1.

Other Work Undertaken

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

Follow up of Audit Recommendations

- 2.7 A summary of the outcomes of the follow up work undertaken to monitor the implementation of audit recommendations during the period is shown in the table below:

Status / Progress	Q4 2024/25 & Q1 2025/26
Recommendations/Actions Complete	20
Recommendation/Actions Not Agreed / No Response	0
Recommendation/Actions Ongoing / Revised Timescale	41
Total	61

- 2.8 The Audit and Counter Fraud Service will continue to monitor and report on implementation on an aggregate basis and also, going forward in 2025/26, on an individual report basis for all reports receiving a Limited or lower assurance opinion. Limited assurance reports issued during 2024/25 and Q1 2025/26 are reported separately on this agenda.

3. Corporate Counter Fraud

- 3.1 The Corporate Counter Fraud Team continues to perform well. Appendix 2 sets out the key outcomes from the work conducted.
- 3.2 Highlights include the identification of:

Performance Indicator/Output Measure	2024/25 (Full Year)	2025/26 (Q1)
No. of Corporate Cases - Positive Results	165	65
No. of CTR cases amended as a result of an investigation	99	18
Corporate cases Fraud, Error & Overpayments	£105,524.52	£7,296.39
HB Fraud, Error & Overpayments from CTR investigations	£156,181.05	£117.26
CTR Fraud, Error & Overpayments identified	£187,081.11	£25,883.94
Total Financial Outcomes from Counter Fraud	£448,786.68	£33,297.59

- 3.3 The latest bi-annual National Fraud Initiative (NFI) commenced in Quarter 3 of 2024/25. The Counter Fraud team co-ordinated the collation and submission of multiple datasets to the Cabinet Office, carrying out all necessary data quality checks in preparation for nationwide data matching.
- 3.4 Initial results from this NFI cycle are included in the outcomes reported at Appendix 2 in Quarter 1 of 2025/26, with early successes identified in the areas of Single Person Discounts and Blue Badge misuse.
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- 3.5 Further outcomes from the exercise will be monitored and reported to Members through future committee updates.

4 Options/Alternatives

- 4.1 The Audit Committee can either:

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

5 Preferred Option

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

6 Consultation

- 6.1 N/A.

7 Financial Implications

- 7.1 N/A.

8 Legal Services Comments

- 8.1 N/A.

9 Co-operative Agenda

- 9.1 N/A.

10 Human Resources Comments

- 10.1 N/A.

11 Risk Assessments

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

12 IT Implications

- 12.1 N/A.

13 Property Implications

- 13.1 N/A.

14 Procurement Implications

- 14.1 N/A.
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15 **Environmental and Health & Safety Implications**

15.1 N/A.

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

16.1 N/A.

17 **Equality Impact Assessment Completed**

17.1 No.

18 **Forward Plan Reference**

18.1 N/A.

19 **Key Decision**

19.1 No.

20 **Background Papers**

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

File Ref:	Background papers are included as Appendices 1 & 2
Officer Name:	John Miller
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21 **Appendices**

21.1 The following Appendices are available to support this Report:

- **Appendix 1:** Summary of Audit Reports & Outcomes – 1 April 2024 to 30 June 2025
 - **Appendix 2:** Counter Fraud Results – 1 April 2024 to 31 March 2025 and Q1 2025/26
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Appendix 1

Audit and Counter Fraud 2024/25 & Q1 2025/26- Summary of Audit Reports/Outcomes - 1 April 2024 to 30 June 2025

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
	2024/25				
1	Corporate Resources	2023/24 FFS– Council Tax & CTR	Report	Q1	Adequate
2	Corporate Resources	2023/24 FFS– Business Rates (NDR)	Report	Q1	Adequate
3	Corporate Resources	2023/24 FFS – Treasury Management	Report	Q1	Good
4	Corporate Resources	2023/24 FFS – Bank Reconciliations	Report	Q1	Good
5	Corporate Resources	2023/24 FFS – Payroll	Report	Q1	Inadequate
6	Corporate Resources	2023/24 FFS – Accounts Payable	Report	Q1	Adequate
7	Corporate Resources	2023/24 FFS – Accounts Receivable	Report	Q1	Adequate
8	People	2023/24 FFS – Direct Payments	Report	Q1	Inadequate
9	People	2023/24 FFS – Residential Care	Report	Q1	Inadequate
10	Corporate Resources	2023/24 FFS – Fixed Assets	Report	Q1	Adequate
11	People	2023/24 FFS – Children’s Social Care	Report	Q1	Inadequate
12	Corporate Resources	2023/24 FFS – Debt Recovery	Report	Q1	Inadequate
13	Place	Spindles Pre-Contract Procurement Review	Report	Q1	Adequate
14	Corporate Resources	IT Vulnerability Management (SCAS)	Report	Q1	Adequate
15	Corporate Resources	Local Elections - Postal Vote Packs	Report	Q1	Assurance
16	Corporate Resources	Local Elections Postal Vote Integrity Review	Report	Q1	Assurance
17	Corporate Resources	Parliamentary Elections - Postal Vote Packs	Report	Q1	Assurance
18	People	Supporting Families Assurance Statement	Grant Assurance	Q1	Assurance
19	People	Christchurch School	Report	Q2	Adequate
20	Place	Building Control	Report	Q2	Weak
21	Corporate Resources	VAT	Report	Q2	Adequate
22	Place	Pothole Fund Assurance Statement	Grant Assurance	Q2	Assurance
23	Corporate Resources	Postal Vote Integrity Review – Parliamentary	Report	Q2	Assurance
24	Corporate Resources	2024/25 FFS – Payroll	Report	Q3	Inadequate

25	Corporate Resources	Recruitment, Selection, and Disciplinary Procedures	Report	Q3	Inadequate
26	Corporate Resources	Corporate Risk Register	Report	Q3	Adequate
27	Corporate Resources	Delegated Decision Reports	Report	Q3	Inadequate
28	People	Miocare	Report	Q3	Adequate
29	People	Public Health Grant Commissioning	Report	Q3	Adequate
30	People	Horton Mill Community School	Report	Q3	Adequate
31	People	Contain Outbreak Management Fund	Grant Assurance	Q3	Assurance
32	Corporate Resources	Standards (Code of Conduct) Review	Report	Q4	Adequate
33	People	2024/25 FFS – Children’s Social Care	Report	Q4	Inadequate
34	Place	Fleet Management – Follow up	Report	Q4	Inadequate
35	Corporate Resources	Contracts Register – Follow up	Report	Q4	Inadequate
36	Corporate Resources	2024/25 FFS– Council Tax & CTR	Report	Q4	Adequate
37	Corporate Resources	2024/25 FFS– Business Rates (NDR)	Report	Q4	Adequate
38	Corporate Resources	Postal Vote Integrity Review – Parish Election	Report	Q4	Assurance
39	Corporate Resources	2024/25 FFS – Bank Reconciliations	Report	Q4	Good
40	People	Horton Mill Community Primary School	Report	Q4	Adequate
41	Corporate Services	IT Asset Management – Follow up	Report	Q4	Limited
42	Corporate Resources	National Cyber Security Centre Assessment Framework	Report	Q4	Reasonable
	2025/26				
1	Corporate Resources	2024/25 FFS – Accounts Receivable	Report	Q1	Reasonable
2	People	2024/25 FFS – Direct Payments	Report	Q1	Limited
3	People	2024/25 FFS – Residential Care	Report	Q1	Limited
4	Corporate Resources	2024/25 FFS – Debt Recovery	Report	Q1	Limited
5	Place	Housing Options	Report	Q1	Reasonable
6	People	St, Agnes C of E Primary School	Report	Q1	Reasonable
7	Corporate Resources	IT Supplier Management	Report	Q1	Limited
8	Corporate Resources	Cloud Service Management	Report	Q1	Limited
9	Corporate Resources	2024/25 FFS – Fixed Assets	Report	Q1	Reasonable
10	Corporate Resources	2024/25 FFS – Treasury Management	Report	Q1	Reasonable

11	People	Corporate Performance Management,	Report	Q1	Limited
12	Corporate Resources	Overtime Review	Report	Q1	Limited
13	People	Children's to Adults Social Care Transitions	Report	Q1	Limited
14	Corporate Resources	Procurement Act 2023	Report	Q1	Reasonable
15	Corporate Resources	2024/25 FFS – Income Control	Report	Q1	Reasonable
16	People	Whitegate End Primary School	Report	Q1	Reasonable
17	Corporate Resources	IT Physical Security & Environmental Controls	Report	Q1	Limited

Key:

Opinion	Description
Advisory	The work in this area is either not audit work in nature, such as provision of advice and consultancy, and/or is undertaken on behalf of third parties.
Assurance	The work in this area has been undertaken in order to provide assurance that, e.g. funding has been spent as intended and/or procedures and controls have operated effectively
Weak/No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited
Inadequate/Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
Adequate/Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Good/Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Appendix 2

Audit and Counter Fraud 2024/25 and Q1 2025/26

Counter Fraud Results 1 April 2024 to 31 March 2025

Counter Fraud Team 2024/2025	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Corporate Cases - Positive Results	39	55	48	23	165
Fraud and Error Overpayments identified as part of Corporate Cases (£)	£31,486.47	£20,709.20	£21,585.94	£31,742.91	£105,524.52
CTR cases amended as a result of an investigation	26	23	28	22	99
HB Fraud and Error Overpayments identified as part of a CTR investigation (£)	£26,589.12	£58,158.31	£28,707.94	£42,725.68	£156,181.05
CTR Fraud and Error Overpayments identified (£)	£49,820.21	£58,792.98	£53,182.98	£25,284.94	£187,081.11
Financial Outcomes	£107,895.80	£137,660.49	£103,476.86	£99,753.53	£448,786.68

Counter Fraud Team 2025/2026	Quarter 1
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Corporate Cases - Positive Results	65
Fraud and Error Overpayments identified as part of Corporate Cases (£)	£7,296.39
CTR cases amended as a result of an investigation	18
HB Fraud and Error Overpayments identified as part of a CTR investigation (£)	£117.26
CTR Fraud and Error Overpayments identified (£)	£25,883.94
Financial Outcomes	£33,297.59