



Audit Progress Report

Oldham Metropolitan Borough Council

October 2025

01

Audit update



Audit progress

Purpose of this report

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

2024/25 Financial Statements Audit

We issued our Audit Strategy Memorandum at the July Audit Committee. We have commenced our planning work and fieldwork in September and are making good progress to date. At this time there are no significant findings to report. We anticipate concluding our work and issuing our completion reports in November 2025.

2024/25 Value for Money work

The Code of Audit Practice was updated in 2024 and revises the timetable for completing our work on the Council's value for money arrangements. From 2024-25 we are required to issue our draft Auditor's Annual Report by 30 November each year. This will conclude on whether there are any significant weaknesses in the Council's arrangements based on work completed to date. Should we identify any further significant weaknesses between issuing our draft Auditor's Annual Report and concluding our audit of the Council's financial statements, we are able to reissue our Auditor's Annual Report to include any additional weaknesses identified.

As part of our 2023/24 audit, we identified no significant weaknesses in the Council's arrangements for delivering value for money. However we did make a number of recommendations where we identified areas for potential improvement, the table overleaf sets out the recommendations made and the work we intend to carry out as part of our 2024/25 audit.

Audit progress

Value for Money – Our work to follow up on previous recommendations

Previously identified area for improvement	Relevant reporting criteria	Our 2023-24 recommendations	Planned procedures for 2024-25
<p>Planned use of reserves</p> <p>The Council have continued to include planned use of reserves to balance the budget in 2024/25, and in the recent MTFS.</p> <p>While the Council has demonstrated that it has arrangements in place to identify plans to bridge funding gaps and achieve savings plans, the continued reliance on reserves to balance the budget is not sustainable in the long term.</p>	<p>Financial Sustainability</p>	<p>The Council should ensure that it continues its arrangements to identify and monitor efficiency savings included in the annual budget throughout 2025/26.</p> <p>They should also continue to monitor the progress of the transformation plan, to ensure that the financial impact of projects continues to be measured, and feeds into updating the MTFS.</p>	<p>Within our work we will:</p> <ul style="list-style-type: none">• review the Council’s financial budget and monitoring reporting made available to members;• review the Council’s final outturn position;• consider savings targets set at the beginning of the year and understand any overspends;• consider the medium-term financial strategy of the Council; and• review the detailed budget setting process to understand the assessment undertaken to consider the affordability of services and understand how these align with the Council’s corporate plan.

Audit progress

Value for Money – Our work to follow up on previous recommendations

Previously identified significant weakness in arrangements	Relevant reporting criteria	Our 2023-24 recommendations	Planned procedures for 2024-25
<p>Internal Audit</p> <p>The internal audit report relating to Payroll noted that there were issues with recruiting to senior roles and made a number of control recommendations. A significant proportion of these relate to reviews completed in 2021/22 and 2022/23.</p> <p>The review of payroll has found that the system continues to meet the main objectives, however the staffing issues are impacting how controls in the department operate.</p>	<p>Governance</p>	<p>The Council should look to recruit and retain suitable qualified staff. Monitor progress on the recommendations made to date to ensure there is sufficient progress being made to rectify the control weaknesses identified.</p>	<p>Within our work we will:</p> <ul style="list-style-type: none"> review the Council’s progress on implementing recommendations made to date.

02

National Publications



National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	CIPFA Bulletins	CIPFA has issued one Bulletin since we provided our last progress report.
2	Audit Committee Update issue 42 Governance of Internal Audit	This issue explains the new Code of Practice for the Governance of Internal Audit in UK Local Government. For information only.
3	CIPFA Advisory note five: Statement of Responsibilities	The note reinforces good practice principles that local government bodies in the UK should adopt and uses the experience of others to identify examples of good practice. For information only.
4	Audit Committee Update issue 41 – the local audit backstop	A guide for audit committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how audit committee members can help. For information only.
National Audit Office ('NAO')		
5	NAO report: Managing children's residential care	This report assesses DfE's response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England.
6	NAO report: Local government financial sustainability	This report focuses on MHCLG as the department responsible for the framework within which local authorities operate, and provides transparency over the current position of local government finances. For information only.
7	NAO insight: Overcoming challenges to managing risks in government	This guide is for senior leaders and risk practitioners across government with ways to help overcome the challenges to managing risks. For information only.
8	NAO insight: Good practice in annual reporting	This interactive guide sets out the NAO's good practice principles for annual reporting. For information only.
Ministry of Housing, Communities and Local Government ('MHCLG')		
9	Local Government Pension Scheme (England and Wales): Fit for the future – Consultation outcome	The government has responded to the Fit for the Future consultation. For information only.
10	Local audit reform: a strategy for overhauling the local audit system in England – Consultation outcome	This annual report sets out the activities of the Ministry of Housing, Communities and Local Government over the past year. For information only.
Other		
11	PSAA news - Press release: Local government audit opinion data	As 28 February 2025 was the backstop date for the 2023/24 audits, PSAA issued a press release on the local government audit opinion position at this date. For information only.

National publications

CIPFA

1. CIPFA Bulletins

Bulletins issued by CIPFA, with the assistance of CIPFA panels, provide practitioners with topical guidance on specific issues and accounting and reporting developments.

CIPFA Bulletin 19: Closure of the 2024/25 financial statements

This bulletin covers the closure of accounts for the 2024/25 year and provides further guidance and clarification to complement the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses, where relevant, frequently asked questions and other issues that have arisen, along with corrections to both the 2024/25 Code and 2024/25 Code Guidance Notes.

Link: [CIPFA Bulletin 19 Closure of the 2024/25 financial statements](#) – 09 April 2025

2. Audit Committee Update issue 42 Governance of Internal Audit

This issue explains the new Code of Practice for the Governance of Internal Audit in UK Local Government. The Code addresses the responsibilities of the audit committee and senior management towards the internal audit service. It applies whether you have an in-house team or have a shared, partnership or outsourced service arrangement. It supports internal auditing in the sector aligned to professional standards and the statutory regulations for local authorities.

The Code is applicable from 1 April 2025 alongside new professional standards for public sector internal audit teams.

Link: [Audit Committee update issue 42 Governance of Internal Audit](#) – 24 March 2025

National publications

CIPFA

3. CIPFA Advisory note five: Statement of Responsibilities

This advisory note formalises key messages from the CIPFA Practice Oversight Panel on the crucial importance of seeking assurance that the annual accounts are true and fair. The note reinforces good practice principles that local government bodies in the UK should adopt and uses the experience of others to identify examples of good practice.

Link: [Advisory note five: Statement of Responsibilities](#) - 13 February 2025

4. Audit Committee Update issue 41 – the local audit backstop

A guide for audit committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how audit committee members can help.

Link: [Audit Committee Update issue 41 – the local audit backstop](#) - 03 December 2024

National publications

NAO

5. NAO report: Managing children's residential care

This report focuses on MHCLG as the department responsible for the framework within which local authorities operate, and provides transparency over the current position of local government finances. By examining the current finance system and context for local government finances, the NAO aim to help inform MHCLG's consideration of future reforms.

The NAO considered:

- the context of local government finances in 2024;
- service and financial pressures; and
- the government's approach to local government financial sustainability.

Link: [Managing children's residential care](#) - 12 September 2025

National publications

NAO

6. NAO report: Local government financial sustainability

This report focuses on MHCLG as the department responsible for the framework within which local authorities operate, and provides transparency over the current position of local government finances. By examining the current finance system and context for local government finances, the NAO aim to help inform MHCLG's consideration of future reforms.

The NAO considered:

- the context of local government finances in 2024;
- service and financial pressures; and
- the government's approach to local government financial sustainability.

Link: [Local government financial sustainability](#) - 28 February 2025

7. NAO insight: Overcoming challenges to managing risks in government

This guide is for senior leaders and risk practitioners across government with ways to help overcome the challenges to managing risks. The guide outlines ten approaches to overcome these challenges and each approach is supported by:

- An outline of why this is a priority for government;
- Case studies and quotes; and
- Practical tips.

The NAO have drawn their insights from their reports, the experiences of their insight teams, and the thoughts of a range of leaders and practitioners from audited bodies and external organisations across industry and academia.

Link: [Overcoming challenges to managing risks in government](#) - 17 February 2025

National publications

NAO

8. NAO insight: Good practice in annual reporting

Transparent, timely, and clear annual reporting in the public sector has never been more important. Annual reports and accounts are more than just numbers. They tell the story of an organisation's performance, impact and aspirations. A good annual report is a key opportunity for bodies in the public sector to weave a compelling narrative that resonates with the public, serve as a tool for accountability by shedding light on how taxpayer's money has been spent, and equip stakeholders with information to hold organisations to account.

This interactive guide sets out the NAO's good practice principles for annual reporting. A good annual report should support accountability, be transparent, be accessible and be understandable.

Link: [Good practice in annual reporting](#) - 11 February 2025

National publications

MHCLG

9. Local Government Pension Scheme (England and Wales): Fit for the future – Consultation outcome

This consultation has concluded. The government has responded to the Fit for the Future consultation on a package of proposed reforms to the structure, investments, and governance of the Local Government Pension Scheme.

On 14 November 2024 the government launched its consultation on proposals to reform the LGPS. The consultation included proposals in three areas:

- reforming asset pooling by mandating certain minimum standards deemed necessary to strengthen the foundations of the scheme in line with international best practice;
- boosting investment in local areas and regions of the UK; and
- strengthening the governance of LGPS Administering Authorities and LGPS pools, building on the recommendations of the Scheme Advisory Board in their 2021 Good Governance Review.

Link: [Local Government Pension Scheme \(England and Wales\): Fit for the future](#) - 29 May 2025

10. Local audit reform: a strategy for overhauling the local audit system in England – Consultation outcome

This consultation has concluded. The government has responded to the consultation to overhaul local audit in England.

On 18 December 2024, the government published a statement of intent and consultation on proposals to overhaul the current local audit system in England. Each of the 239 responses have been given full consideration, including where these provided views and commentary beyond the questions themselves, alongside other representations made during the consultation period. This included a meeting between system and sector leaders and the Minister of State for Local Government and English Devolution, as well as additional engagement and workshops on specific areas.

Link: [Local audit reform: a strategy for overhauling the local audit system in England](#) - 9 April 2025

National publications

Other

11. Public Sector Audit Appointments ('PSAA') News – Press release: Local government audit opinion data

Extract from press release

Auditors have reported issuing 224 disclaimed or qualified opinions due to the backstop of 28 February 2025 for the 2023/24 audits of accounts covered by PSAA's appointing person scheme. There were 7 modified opinions that auditors have not attributed to the backstop, including 2 disclaimed opinions. There are a further 48 opinions that remain outstanding. This includes 6 authorities where there is an exemption due to a material objection or legal matter or due to VFM arrangements work.

For the years 2018/19 – 2022/23, there are a further 46 opinions at 16 authorities that remain outstanding, a reduction of 31 from the 77 outstanding as at 13 December 2024 (the first backstop date). This includes 22 opinions at 7 authorities that are exempt.

Link: [February 2025: audit opinion data](#) – 11 March 2025

03

Financial Reporting Council's Audit Quality Inspection and Supervision Report 2025



Financial Reporting Council's Audit Quality Inspection and Supervision Report 2025

Audit quality

The Financial Reporting Council's (FRC) [Audit Quality Inspection and Supervision Report 2025](#) on Forvis Mazars LLP was published on 15 July 2025, based on work undertaken during the 2024/25 inspection cycle, through review of a sample of our Public Interest Entities and other FRC scope audits and other wider measures of audit quality such as the firm's systems of quality management (SoQM). The report does not cover our audit of Public Sector entities.

Audit quality inspections

We are pleased that this year's AQR results reflect our significant progress in delivering audit quality, showing a **90%** profile of audits inspected as good or limited improvements required. Moreover, the combined results of FRC inspections together with the firm's internal file inspections of FRC-scope audits this cycle show **86%** as either good or limited improvements required. This is a testament to our team's commitment to audit quality and their hard work, and the effectiveness of our long-term investment in audit quality through training, technology, leadership and a culture of continuous improvement.

We are encouraged that the FRC recognises that the firm has continued to invest in audit quality and made good progress through our Audit Quality Transformation Plan (AQTP). The FRC also noted that the firm's communications remain clear and consistent around the importance of audit quality, and the firm's new four-year strategy and the firm's new senior management continue to reinforce this message.

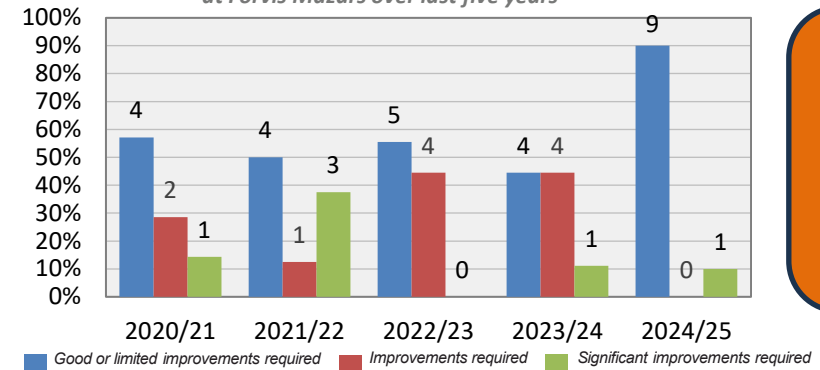
System of quality management (SoQM)

This is the first inspection cycle when ISQM (UK) has been applicable for the whole period, as 2023/24 was a transitional cycle from the ISQC (UK) 1. We have invested considerable time and resources in developing our SoQM and in monitoring responses, and we are pleased to see the FRC recognise this commitment. We recognise that whilst significant improvements have been made in the last year, we continue to enhance and develop our approach and documentation. We are in the process of addressing the findings raised this cycle – strengthening our responses to quality risks, design assessment and monitoring activities.

Key actions

To sustain and build on our progress, we will keep working hard and putting quality first, every time. We have strengthened our team, bringing in experienced individuals and top talent to support our success. We have taken robust actions to address the findings and root causes and apply the positive learnings. These include strengthening the firm's policy on file archiving, reinforcing the guidance on group audits, and further improving our portfolio reviews and project management. We will sustain our efforts in ensuring that our quality plan and actions are fully embedded in our firm's SoQM as part of 'business as usual' (BAU) and within the firm's culture.

Results of inspection of individual audits at Forvis Mazars over last five years



90% of audits inspected by the FRC in 2024/25 were assessed as requiring no more than limited improvements

Good practice on individual file inspections

The FRC has identified examples of good practice, including on revenue, group audits and technical insurance provisions (including the involvement of actuarial specialists). These are positive indications of the effectiveness of our actions to enhance quality which are now better embedded into our firm's SoQM. We are sharing these good practice examples with our teams to drive consistency and enhance audit quality.

Commitment to audit quality

Audit quality remains a strategic priority for our firm and our people. Our commitment and key strategic priority is to ensure the delivery of high-quality audits and to play our part in safeguarding the public interest, restoring trust in audit and corporate governance.

Whilst we are encouraged by the improvements, we know that audit quality is not a fixed point: sustaining the delivery of quality requires consistent focus on people, processes and technology. We remain focused on continuous improvement and on delivering audits that serve the public interest in the long term.

Contact

Forvis Mazars

Daniel Watson

Partner

Daniel.Watson@mazars.co.uk

Yogita Das-Patel

Audit manager

Yogita.das-patel@mazars.co.uk

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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