



Audit Completion Report

Oldham Metropolitan Borough Council – year ended 31 March 2025

January 2026

Members of the Audit Committee
Oldham Metropolitan Borough Council
Civic Centre
West Street
Oldham
OL11UT

14th January 2026



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

Dear Committee Members,

Updated Audit Completion Report – Year ended 31 March 2025

We are pleased to present this updated Audit Completion Report for Oldham Metropolitan Borough Council (“the Council”) for the year ended 31 March 2025. This report provides an update on the progress of our audit work following the presentation of our report to the Committee on the 26 November 2025.

For ease, as our commentary in the Council’s Value for Money arrangements is unchanged from that presented in November, we have not repeated it here. However, our auditor’s report, included in Appendix A, refers to the significant weaknesses we have previously reported and our recommendations.

Based on the work completed to date, we anticipate issuing an unqualified opinion on the financial statements.

This report is intended solely for the Audit Committee for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

We appreciate the courtesy and co-operation extended to us by Oldham Metropolitan Borough Council throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Daniel Watson
Yours faithfully
Forvis Mazars LLP

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Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Oldham Metropolitan Borough Council. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

Executive Summary

Executive summary

Scope

We have been engaged to audit the financial statements of Oldham Metropolitan Borough Council for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

Our audit of the financial statements has been conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the Code of Audit Practice.

Audit status

Our audit procedures are now substantially complete for the year ended 31 March 2025.

Please refer to the '*Status of our audit*' section for a list of significant audit matters outstanding at the date of this report. We will provide an update to Audit Committee members on completion of those outstanding matters by way of a follow-up letter.

Areas of focus and audit approach, and significant findings

We have not made any changes to our initial risk assessment and planned audit approach that was communicated to the Audit Committee in our Audit Strategy Memorandum.

Significant control deficiencies

We did not identify any significant deficiencies in internal control. The non-significant control observations that we have identified to date are set out in '*Appendix A: Internal control conclusions*'.

Audit misstatements

We have identified no adjusted or unadjusted misstatements above our reporting threshold to date.

Audit opinion

At the time of issuing this report and subject to the satisfactory conclusion of our remaining audit work, we anticipate issuing an unqualified opinion, without modification, as set out in Appendix C.

Value for Money

We anticipate having 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. Our report to Committee in November provides further details.

Wider reporting 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 confirm we have received no such correspondence from electors.

Reporting to the group auditor

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Qualitative aspects of Council's accounting practices

We have reviewed the Council's Accounting policies and disclosure and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

The Draft accounts were received from the Council on the 30th June 2025 and were of a good quality, with the availability of working papers to support them.

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.

Manchester Airport Shares Valuation

Our work is complete on the valuation of the Council's Airport shares.



Right of Use Assets & Lease Liabilities

Our work is complete in this area.



Accounts Receivable

Our work on accounts receivable is complete.



Accounts Payable

Our work on accounts payable is complete.



Property Plant and Equipment

Our work on PPE is complete.



PFI

Our work on PFI is complete.



Group Financial Statements

Our work on the Group Financial statements is complete..



Quality Control Review

Our audit work is subject to manager and key audit partner review.



Letters to Management and TCWG

We have received responses to our letters addressed to Management and TCWG.



Financial Statement, 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



Value for Money

Our work on the Council's Value for Money arrangements is complete.



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

Audit approach and risk summary

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 2025.

Materiality

Our provisional materiality at the planning stage of the audit was set at is £15.8m for the single entity, and £15.9m 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 £17.7m for the Group financial statements and £17.6m 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 identified 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	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
Management override of controls	●	●	●	●	○	○	●	Risk is satisfactorily addressed.	13
Valuation of the defined benefit liability (Council and Group)	○	●	●	●	○	○	○	Risk is satisfactorily addressed.	15
Valuation of property assets	○	●	●	●	○	○	○	Risk is satisfactorily addressed.	14
Valuation of shareholding in Manchester Airport (Council)	○	●	●	●	○	○	○	Risk is satisfactorily addressed.	16
Implementation of IFRS 16 (Council)	○	●	●	●	○	○	○	Risk is 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 2024/25, 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 are undertaking testing of Miocare's defined benefit pension liability and a review procedures of the remaining consolidated accounting entries. The component materiality used for these procedures was £2.1m.



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

Significant findings

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

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 have completed our procedures as planned, there are no matters to bring to your attention.

Significant findings

Significant risks (continued)

Valuation of Property Plant & Equipment

Description of the risk

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 risk

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 2024/25 are materially fairly stated.
- Obtaining an understanding of the Council’s approach to ensure that assets revalued through 2024/25 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 2025.
- Testing the accuracy of how valuation movements were presented and disclosed in the financial statements

Our observations

We have completed our procedures as planned, there are no matters to bring to your attention.

Significant findings

Significant risks (continued)

Description of the risk

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 2024/25.

How our audit addressed the risk

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 and Group by the actuary, including comparing the Council's and Group'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 procedures as planned, there are no matters to bring to your attention.

Significant findings

Other key areas of management judgements

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 2025. 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

We have completed our procedures as planned, there are no matters to bring to your attention.

Significant findings

Other key areas of management judgement

Implementation of IFRS 16 (council)

Description of the risk

The implementation of IFRS 16 in 2024/25 is expected to have an impact of £5.1m, which is below our financial statements materiality threshold. This is a complex change in financial reporting which requires management judgement. We have therefore highlighted this as an area of enhanced risk for our 2024/25 audit.

How we addressed this risk

We have addressed this risk by:

- reviewing the process and controls by management for collating information to ensure the completeness and accuracy of the data used in the IFRS 16 calculation and that all relevant leases have been identified;
- reviewing managements year end journal postings to ensure proper accounting treatment;
- reviewing any key judgements and estimates that management have made in respect of their IFRS 16 calculation;
- testing a sample of leases in place at the year end and ensure their disclosure is appropriate.

Audit conclusion

We have completed our procedures as planned, subject to final partner review, there are no matters to bring to your attention to date.

Internal control conclusions

Significant control deficiencies

As part of our audit, we obtained an understanding of the 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 the Council's internal controls, we are required to communicate to the 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 control that is necessary 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 the 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 the 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.

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.

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.

The other control deficiencies that we have identified as at the date of this report are set out in 'Appendix A: Internal control conclusions'.

Summary of misstatements

Summary of misstatements

Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Strategy Memorandum, issued on 23 July 2025. Any subsequent changes to those figures are set out in the ‘*Audit approach and risk summary*’ section of this report.

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 Audit Committee unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Description	Entity	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
			Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Property, Plant & Equipment						
Cr: PFI Liability						
Our testing of the PFI liability identified that a discount rate of 2.5% was used rather than 3.3% as per the ONS dataset. Leading to an understatement of the asset and the liability. The net effect is nil					2,923	2,923
Dr: Fees, charges, and Other Income						
Cr: General Fund						
Our testing identified an error of £35k of Adult Social Care Income relating to prior years that has been incorrectly included in 2024/25. The £7.1m extrapolated error should be reflected as an adjustment to the general fund.			7,115	7,115		
Aggregate effect of unadjusted misstatements			7,115	7,115	2,923	2,923

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

Summary of misstatements

Adjusted misstatements

We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Audit Committee should be made aware of.

We identified no misstatements above our reporting threshold, or that we deem to be material by nature, as at the date of this report which were adjusted.

Summary of misstatements

Disclosure misstatements

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

- Note 1 Accounting policies - Various changes have been made to the Accounting Policies to aid users understanding of the financial statements
- Note 23 - Debtors - Additional disclosure has been included by class of debtor for assets that are either past due or impaired in relation to non-financial assets and an analysis of the age of assets that are past due as at the reporting date but not impaired.
- Note 30 Teachers Pensions – Further disclosure of expected employer contributions in 2025/26
- Note 31 Pensions included disclosure for expected employer contributions in 2025/26
- Note 31 Pension schemes – Disclosure narrative added for Virgin Media case updated.
- H1 Housing Revenue Account – Inclusion of comparative data for housing stock numbers, depreciation and impairment of assets
- Other – A number of small grammatical and consistency amendments have been made to the accounts following audit review.

Summary of misstatements

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been not been corrected by management:

- Note 31 The Pension Fund auditor has confirmed that benefits payable per the Fund's general ledger amount to £55.204 million. This compares to £48.050 million reported by the actuary in the IAS 19 report, resulting in a difference of £7.2 million. The pension assets and pension liabilities are both overstated by £7.2m but this has no impact on the balance sheet. Given this is immaterial no adjustment has been made to the financial statements.
- Note 31 Adjustment relating to the Council's share of the £153m error in the pension fund assets identified by the GMPF auditor, the overall impact of the adjustment would increase the net pension asset by £7m. 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.

Fraud considerations

Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

Your responsibilities

Management has primary responsibility for the prevention and detection of fraud. It is important that management, with the Audit Committee oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by the Audit Committee's active oversight.

Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

Our overall conclusion

We did not identify any actual or suspected fraud involving group or component management, employees with significant roles in the group's internal control or others, where the fraud resulted in a material misstatement in the group financial statements.

Appendices

- A: Value for Money commentary
- B: Confirmation of our independence
- C: Other communications

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 2025, which comprise 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, 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 2024/25.

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 2025 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 2024/25.

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 for the audit of the financial statements" 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, 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.

Appendix A: Draft Audit Report

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.

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 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's or 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 with respect to going concern are described in the relevant sections of this report.

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.

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 2024/25, and for being satisfied that they

Appendix A : Draft Audit Report

give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 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 is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- 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;

Appendix A : Draft Audit Report

- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and Group which were contrary to applicable laws and regulations, including fraud.

We evaluated 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.

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

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

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, **rests with both 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.

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, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.**

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.

Appendix A : Draft Audit Report

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

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, 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 2025.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council's arrangements for the year ended 31 March 2025:

Significant weakness in arrangements	Recommendation
<p>Financial Sustainability</p> <p>In February 2024, the Council set a balanced budget for the 2024/25 financial year which included the need to deliver £20.4m of savings. By the end of the first quarter of the financial year, the Council was forecasting significant overspends and by year-end reported an outturn position of £10.1m overspent. The Council failed to deliver its savings requirement in full, with only £15.9m out of the target £20.4m achieved. This resulted in the Council’s earmarked general fund reserves reducing by 38% to £44.9m.</p> <p>Failure to control expenditure and to deliver savings plans increases the risks of the Council being unable to maintain services as at the levels currently planned or having insufficient reserves to support services in future. We consider this to be a weakness in how the Council plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.</p>	<p>The Council should:</p> <ul style="list-style-type: none">• review its budget setting process to identify areas where demand-led expenditure is consistently in excess of planned levels and determine whether revised forecasting procedures are required;• consider whether required levels of savings are sufficient to mitigate the likely increases in future demand• ensure savings plans are realistic and achievable and are subject to regular detailed monitoring so the Council can identify alternative budget reduction options when existing plans are at risk of non-delivery by year end; and• review its Medium Term Financial Strategy and Reserves Policy to identify ways of increasing reserves to provide long-term resilience in the Council’s financial position.

Appendix A : Draft Audit Report

Significant weakness in arrangements	Recommendation
<p>Governance</p> <p>The Head of Internal Audit issued a limited assurance opinion over the Council’s governance, risk management, and internal control arrangements in place during 2024/25. Review of the limited assurance opinions highlights that most arise from issues with staffing levels including high turnover. In addition, there is evidence of failure to operate controls as designed. The limited assurance opinions impact a range of Council directorates and are not isolated to individual services.</p> <p>The report also highlights that officers are failing to implement medium and high priority actions within agreed timeframes to address the deficiencies in internal control reflected in high priority recommendations have been reported over a number of financial years.</p> <p>We consider the findings to be evidence of a significant weakness in the Council’s arrangements for governance, specifically monitoring and assessing risk and ensuring the effective operation of internal controls. Without proper arrangements the Council risks compliance failure, operational inefficiencies, and financial loss.</p>	<p>The Council should:</p> <p>take immediate action to implement the outstanding Internal Audit recommendations;</p> <p>put in place arrangements to monitor the implementation of Internal Audit recommendations by the Council’s senior leadership team to ensure action is taken in line with a agreed timescales; and</p> <p>ensure Audit Committee receives regular reports on progress in implementing recommendations and can hold management to account for failures to take agreed actions.</p>

Appendix A : Draft Audit Report

Responsibilities of the Council

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

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

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

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

Appendix A : Draft Audit Report

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 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 received confirmation from the NAO that the group audit of the Whole of Government Account has been completed and that no further work is required to be completed by us

[Signature]

Daniel Watson, Key Audit Partner

For and on behalf of Forvis Mazars LLP (Local Auditor)

One St Peter's Square

Manchester

M2 3DE

January 2026

Appendix B: 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 C: 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.</p> <p>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> <ul 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 C: Other communications

Other communication	Response
System of Quality Management	<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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