Report to Audit Committee

2025/26 Head of Audit Annual Report and Opinion to Audit Committee

Portfolio Holder: To be confirmed

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30 June 2026

Reason for Decision

The Audit Committee's Terms of Reference state that:

4.4.2 The Audit Committee shall, having regard to the CIPFA 'audit committee' guidance:–
(i) approve the performance criteria for the Internal Audit Service;
(iv) consider the annual report from the Chief Internal Auditor;
(vi) review the effectiveness of the system of Internal Audit on an annual basis as per statutory requirements and the outcome of the review of compliance with the Global Internal Audit Standards.

The purpose of this report is to provide Members with the Annual Report and Opinion for 2025/26 on the Systems of Governance and Internal Control for the year ended 31 March 2026 presented by the Head of Audit and Counter Fraud, and report to the Audit Committee on the matters required for the Committee charged with Governance by International Auditing Standards, and the 2024 Global Internal Audit Standards (GIAS) and Local Government Application Note (LGAN) 2024.

Executive Summary

The report summarises the work of Internal Audit and Counter Fraud Team carried out for the financial year 2025/26 which informs the Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2026.

The Annual Report for 2025/26 has the following sections:

- **Appendix 1:** Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2026, to assist the Committee's review of the 2025/26 Annual Governance Statement (AGS) and to assist with the review of the Statement of Accounts.

- **Appendix 2:** Counter Fraud Service comparative data 2021/22 to 2025/26.

Recommendations

Members are requested to note the Annual Report on the System of Internal Control presented by the Head of Audit and Counter Fraud and the continued developments in overall internal control and financial administration across the Council.

Audit Committee **30 June 2026**

2025/26 Annual Report to the Audit Committee

1. Background

1.1 This report summarises the work of Internal Audit and Counter Fraud Team carried out in respect of the financial year 2025/26 informing the Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2026.

2. Audit Opinion and Work Undertaken in 2025/26

2.1 In accordance with the Global Internal Audit Standards (GIAS), the Head of Internal Audit and Counter Fraud provides an Annual Report and Opinion to support the production of the Council's Annual Governance Statement (AGS).

2.2 The overall opinion of the Head of Audit and Counter fraud for 2025/26 and its professional framework is set out at **Appendix 1.**

2.3 **Appendix 2** summarises the outcomes from the Counter Fraud Service for 2021/22 to 2025/26.

3. Options/Alternatives

3.1 The Audit Committee can either choose to accept and note the Annual Report on the Systems of Governance and Internal Control, or not to accept the report.

4. Preferred Option

4.1 The preferred option is that the Audit Committee accepts and notes the Annual Report on the Systems of Governance and Internal Control

5. Consultation

5.1 N/A.

6. Financial Implications

6.1 N/A.

7. Legal Services Comments

7.1 N/A.

8. Cooperative Agenda

8.1 N/A.

9. Human Resources Comments

9.1 N/A.

10. Risk Assessments

10.1 The production of an Annual Report on the Systems of Governance and Internal Control by the Head of Audit and Counter Fraud will enable this Committee to demonstrate it is raising any concerns with the Council in a structured manner.

11. IT Implications

11.1 N/A.

12. Property Implications

12.1 N/A.

13. Procurement Implications

13.1 N/A.

14. Environmental and Health & Safety Implications

14.1 N/A.

15. Equity, Community Cohesion and Crime Implication

15.1 N/A.

16. Equality Impact Assessment Completed

16.1 No.

17. Forward Plan Reference

17.1 N/A.

18. Key Decision

18.1 No.

19. Background Papers

19.1 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 and 2
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20. Appendices

20.1 The following Appendices are available to support this Report:

- **Appendix 1:** Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2026; to assist the Audit Committee's review of the 2025/26 Annual Governance Statement.

- **Appendix 2:** Counter Fraud Service comparative data 2021/22 to 2025/26.

Appendix 1

Audit and Counter Fraud Team

Annual Report of the Head of Audit and Counter Fraud and Opinion on the Systems of Governance and Internal Control for the year from 1 April 2025 to 31 March 2026

30 June 2026

Annual Report of the Head of Audit and Counter Fraud and Opinion on the Systems of Governance and Internal Control for the year 1 April 2025 to 31 March 2026.

1. Introduction

1.1 Background

1.1.1 The Internal Audit and Counter Fraud Plan for 2025/26 was developed based on an assessment of risks to the Council including those contained in the Corporate Risk Register. The Annual Audit Plan aims to provide assurance to the Chief Executive and other senior officers of the Council, including key Statutory Officers (Section 151 and Monitoring Officers), on the systems and controls in place that assist the Council in meeting its objectives.

1.1.2 This work allows the Head of Internal Audit and Counter Fraud at Oldham Council to form an overall opinion on the Governance and Internal Control arrangements within the Council, and the effectiveness of those systems.

1.1.3 The opinion also considers any advisory work undertaken during the year. High priority findings from such reviews contribute to the overall opinion that is reported.

1.1.4 This opinion is then used to support the production of the Council's Annual Governance Statement (AGS) within the Statement of Final Accounts for the Financial Year 2025/26.

1.1.5 This report sets out the framework used to arrive at the Annual Opinion on the Systems of Governance and Internal Control, and key audit findings for the year.

1.2 Global Internal Audit Standards

1.2.1 The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013. These Standards replaced the 2006 Code of Practice applicable to the work of Internal Audit. From 2013/14 to 2024/25, the Head of Internal Audit and Counter Fraud has provided an annual report in accordance with the PSIAS to support the production of the Council's Annual Governance Statement (AGS).

1.2.2 From 1st April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards (GIAS) 2024 and UK Local Government Application Note (LGAN) 2024**. These replace the PSIAS and LGAN. This update to the standards is discussed further in Section 14 of this report.

1.2.3 The Standards note that a professional, independent, and objective Internal Audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The role of the Head of Internal Audit (HIA), in accordance with the GIAS, is to provide an Annual Opinion on the System of Internal Control, based upon the work performed, on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes, i.e., the organisation's system of internal control. This is achieved through a risk-based plan of work, agreed with management, and approved by the Council's Audit Committee.

1.2.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the role of the Head of Internal Audit (HIA) in Local Government was issued on 9 April 2019. This Statement also included updated guidance for internal audit in the public sector to contend with "restricted resources and growing levels of financial risk.".

1.2.5 This guidance calls on the public sector to provide the required support and recognition for the HIA and Internal Audit Teams, and includes best practice guidance for Internal Auditors, leadership teams and Audit Committees to support Internal Audit effectiveness.

1.2.6 The publication "The role of the Head of Internal Audit' sets out key principles aligned with the Global Internal Audit Standards (GIAS) and also sets out individual and organisational responsibilities. The guidance refers to:

- Heads of Internal Audit in the public sector working in increasingly high-pressure environments, contending with restricted resources and growing levels of financial risk, and they require the tools they need to provide quality assurance to their organisations;
- Public sector bodies ensuring that the HIA is "professionally qualified and suitably experienced" so they can lead and direct Internal Audit services which are well resourced and fit for purpose; and,
- The HIA being a senior manager, with regular and open engagement across the organisation, particularly with the leadership team and Audit Committee.

1.2.7 The guidance also sets out the following:

- The assurance provided by the HIA must be evidence based, in order to provide proper comfort to those who ask for it, and to improve governance arrangements. This means that Internal Audit planning must be well focused and in accordance with professional standards;
- The HIA may obtain assurance from partners and other agencies, and the HIA must understand the basis for the assurance and its adequacy, and therefore whether the HIA needs to carry out any additional review work; and,
- A summary of assurances given and relied upon should be included in the HIA's annual report.

1.2.8 CIPFA also states that one of the HIA's key relationships must be with the External Auditor. Whilst the roles of Internal and External Audit are different, and they must be independent of each other, both are concerned with the organisation's control environment and both use an objective, risk-based approach in coming to their conclusions. External Auditors should have regular discussions with the HIA on audit findings, risks, and future developments. Oldham Council's HIA meets with the External Auditor on a regular basis.

1.3 Roles and Responsibilities

Reviewing the System of Internal Audit

1.3.1 The Council is responsible for maintaining a sound system of internal control which is reviewed by the Internal Audit team. To review the System of Internal Audit, the Audit Committee receives an annual internal review of the Internal Audit function which discharges its responsibility for putting in place arrangements for gaining assurance on the effectiveness of the Internal Audit function, or commissions an independent external review.

1.3.2 The Global Internal Audit Standards (GIAS) state that an external reviewer must undertake a full assessment, or validate the Internal Audit Service's own self-assessment, at least once in a five-year period. This independent External Quality Assessment (EQA) of Oldham's Internal Audit Service has most recently been undertaken in 2023 by CIPFA.

1.3.3 The three possible outcomes of the last assessment were that the Service either "Generally Conforms", "Partially Conforms", or "Does Not Conform" with the requirements of the PSIAS and Local Government Application Note (LGAN), being the standards applicable at that time.

1.3.4 The outcome of the 2023 external assessment is that Oldham's Internal Audit and Counter Fraud Function "Generally Conforms" across all areas then assessed. The outcomes of the most recent EQA review, and progress against CIPFA's single low priority recommendation and eight further "advisory points" are detailed at Section 14 of this report.

1.3.5 Self-assessment of the Internal Audit Service against the new GIAS 2024 and LGAN 2024 has also taken place.

1.3.6 Progress against the actions identified from the 2024/25 and 2025/6 internal review to maintain the Internal Audit Service in full conformance with the updated GIAS Standards is discussed further at Section 14 of this report. The outcome of the latest 2025/26 annual self-assessment is that the Internal Audit Service remained fully in conformance with the requirements of the GIAS during 2025/26.

The Annual Governance Statement (AGS)

1.3.7 The Council is required by law to review its governance arrangements at least annually. Preparation and publication of the Annual Governance Statement (AGS) is done in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework and 2025 Addendum.

1.3.8 The AGS is a key corporate document which is intended to provide an accurate representation of the corporate governance arrangements in place which have supported the delivery of organisational objectives during the year.

1.3.9 The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Authority also has a duty under the Local Government Act 1999 to plan to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

1.3.10 In discharging this overall responsibility, the Authority must put in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

1.3.11 The Authority has established governance arrangements which are consistent with the seven principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government', and it has adopted a Local Code of Corporate Governance (LCCG).

1.3.12 The AGS sets out how the Authority has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 which require all relevant bodies to prepare an Annual Governance Statement.

1.3.13 The Council's whole framework of assurance is used to bring together the evidence required to support the AGS.

1.3.14 The Annual Opinion of the Head of Internal Audit is one component of the framework of assurance which the Council considers in compiling the AGS.

1.3.15 The Head of Internal Audit's Annual Opinion does not imply that the Internal Audit and Counter Fraud service has reviewed all risks relating to the Council. The purpose of the opinion is to contribute to the assurances available to the Council which underpin the Council's own assessment of the effectiveness of the organisation's governance arrangements and system of internal control.

2. Head of Internal Audit Annual Audit Opinion

2.1 2025/26 Opinion

2.1.1 The financial year 2025/26 has been another challenging year for Local Government as a whole, with a number of Council's experiencing well publicised financial challenges. Inevitably some front-line services have been under continued pressure and, in certain cases, improvements in financial administration fell short of what was planned.

2.1.2 Having undertaken all necessary work and in accordance with all Codes of Practice and guidance, the overall opinion of Oldham Council's Head of Internal Audit is that the systems of Internal Control in Oldham Council for the year ending 31 March 2026 continued to provide **Limited** assurance. There have been no impairments to the independence or objectivity of the Head of Internal Audit in arriving at this opinion. A fuller discussion of the conclusion and Annual Opinion is included at Section 12 of this report.

2.1.3 The audit opinions taken into account in arriving at this opinion are set out in brief below and discussed in more detail in the sections which follow:

Financial Management

2.1.4 The 2024/25 Annual Opinion Report noted that the Council had made insufficient progress in addressing areas of persistent control weakness in five Fundamental Financial Systems over a number of years. These were Payroll, Direct Payments and Community Homecare, Residential Care Payments, Children's Social Care Payments and Debt Recovery. Payroll and Social Care Payments represent a significant portion of the Council's annual expenditure. Issues identified in Debt Recovery systems span all of the Council's direct income streams. All five of these audit reviews provided Limited assurance on the effectiveness of internal controls in these areas for 2024/25.

2.1.5 During 2025/26 progress has been made in addressing control weaknesses across all of these areas This progress is particularly apparent in respect of Direct Payments and Community Homecare, and Residential care Payment reviews, both of which received **Reasonable** assurance opinion for 2025/26.

2.1.6 In the case of Payroll and Debt Recovery, whilst progress is apparent, some of this progress has taken place towards the end of the 2025/26 financial year, and some actions continue into 2026/27. Therefore the effects of this progress on outcomes in these areas cannot yet be independently tested and verified. In these two areas our opinion must, therefore, remain **Limited** for 2025/26, but with the expectation that improvements in outcomes will be seen going forward.

2.1.7 In the case of Children's Services, whilst progress has been made in some areas, material financial systems and process changes remain subject to further development actions in relation to IT systems. Again, therefore, in this area our opinion must remain **Limited** for 2025/26, but with the expectation that improvements in outcomes will be seen going forward.

2.1.8 In terms of overall financial outcomes against budget for the year 2025/26, the unaudited financial results shows that the Council exceeded its annual budget by £3.845m. (2024/25 c£10m) This overspend was funded from the Council's reserve balances available for this purpose and also a one-off facility available to capitalise capital project interest charges and reduce the 2025/26 in-year overspend position by approximately £11m. In addition, the Council has increased earmarked reserves and revenue grant reserves for the purposes of

providing future revenue budget support should this be required. In summary, whilst a call on reserves to fund unplanned revenue budget overspends should be avoided where possible, the Council has taken steps in year, and for future periods, to mitigate future financial risks.

ICT

2.1.9 Secure and reliable ICT is fundamental to both front line operational services and corporate support services throughout the Council. Without functioning and reliable systems in place no modern organisation can operate either effectively, or in some cases at all. Three of the four specialist ICT reviews which reported on arrangements in place during 2025/26 provided Limited assurance over the controls in place in connection with IT Supplier Management, Cloud Service Management and Physical & Environmental Controls.

2.1.10 During 2025/26 Senior Leaders and the Audit Committee have tracked progress against these, and all other reports, specifically referred to as having contributed to the overall Limited assurance opinion for 2024/25. This tracking involved regular self-reporting of progress by services against the action plans in place for improvement. During 2025/26, the Director of Digital reported good progress culminating in a final update to the Audit Committee that all actions are now complete.

2.1.11 Oldham engages Salford Council's Technical Audit Service (STAS) to undertake these specialist ICT reviews. STAS have agreed to also undertake follow-up reviews in these areas over the course of 2026/27 in order to provide independent assessment of the progress reported. Whilst it is anticipated that the outcomes of these follow up reviews will be positive, in the absence of independent confirmation of the implementation of the required actions, we are unable to revise our opinions in this area and our opinions must remain **Limited** until this confirmation is gained.

Procurement

2.1.12 The Council has a duty to seek to obtain Best value in its procurement of goods and services on behalf of its residents. Our work in 2023/24 in connection with the Council's Contract Register arrangements received an "Inadequate" (Limited assurance) opinion. Legislation in this area has recently changed with the introduction of the Procurement Act 2023 (effective 1st April 2025) and our follow up work on progress against our previous recommendations in connection with the Council's Contract register arrangements was partially re-focussed during 2024/25 towards the Council's performance in complying with the requirements of the Procurement Act 2023.

2.1.13 The Procurement Act 2023 places additional requirements on all Local Authorities to publish a forward plan of procurement activity for all contracts in excess of £2m. Our findings from our follow up work in this area are that the Council appears to have met the publication requirements of the Procurement Act 2023 by the required deadline date.

2.1.14 As at the last update report to Audit Committee in March 2026, the Interim Head of Procurement reported progress in the compilation of the Council's own Internal Contracts Register and that work was ongoing in ensuring that this fully reflects the most up to date position. As a result, our opinion in this area remains that the controls in place continued to provide **Limited** assurance in this area during 2025/26. We will continue to monitor developments in liaison with the Interim Head of Procurement and follow-up again on this ongoing work in due course. At which time we anticipate reporting further positive outcomes in this area.

Systems of Governance

2.1.15 Three audit reports were issued in 2024/25 in connection with systems which are fundamental in ensuring good governance across the Council, and where systems and controls examined provided Limited assurance. All three systems are essential components in ensuring openness and accountability in decision making and corporate performance. Progress in these areas is summarised below:

2.1.16 The reports are in connection with:

- Use of the Modern.gov system in Delegated Decision Recording which, in combination with shared access drives with an auditable trail of contributions to each Delegated Decisions Report, has demonstrated good progress and the opinion from our follow up work on this area in 2025/26 is raised to **Reasonable**.
- Progress on the Council's Corporate Performance Management System has been slower in pace and our opinion in this area remains **Limited**.
- The systems and controls in place to both recruit and discipline Council staff in a manner which protects the organisation, its staff and residents from the risk of loss or harm were previously assessed as providing Limited assurance during 2024/25. We have followed up on the disciplinary aspects of this review and found that systems and processes now provide **Reasonable** assurance in this area. We will follow up on the Recruitment aspects of this review in due course.

In addition to the above, the following was noted in the year 2025/26:

- The Council's Corporate Risk Register was not presented to the Audit Committee during 2025/26. Effective management of risk is a fundamental pillar of good governance.
- The Local Code of Corporate Governance was last presented to the Audit Committee in June 2024. The Code assists the Council in the compilation of the Annual Governance Statement and should be reviewed and updated at least every 2 years, or sooner if standards or arrangements have changed.
- Our review of the procedures undertaken in the compilation of the Council's Annual Governance Statement found the procedures and controls in place to compile the statement to be **Reasonable**.
- The last Senior Information Risk Officer (SIRO) report to the Audit Committee was in January 2025.

Partnership Governance

2.1.17 Local Authority Partnership and subsidiary governance arrangements present significant financial and operational risks. Oldham Total Care (a care home) was acquired by Oldham Council in July 2023 when the home, previously known as Chadderton Total Care, went into administration. Around 100 residents, many with complex needs and requiring specialist nursing care, would have been forced to relocate, potentially outside the borough away from families had the facility been forced to close. Action taken to acquire the business demonstrated the Council's ability to ensure business continuity and maintain provision of support to residents. However, our post-acquisition review of governance structures, processes and internal control revealed weaknesses in this area, and resulted in a **Weak** assurance opinion.

2.2 Basis of the Opinion

2.2.1 The basis for forming the Annual Opinion is as follows:

- An assessment of the design and operation of the Local Code of Corporate Governance and underpinning processes.
- An assessment of the risk management arrangements and the financial management framework of assurance.
- An assessment of the range of individual opinions arising from risk-based audit assignments, contained within the Internal Audit risk-based plan that have been reported throughout the year.

2.2.2 This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

2.3 CIPFA/SOLACE Code of Corporate Governance

2.3.1 The Council has established corporate governance arrangements which are consistent with the seven principles of the CIPFA and Society of Local Authority Chief Executives (SOLACE) Framework, "Delivering Good Governance in Local Government" and Addendum 2025. The Council has adopted a Local Code of Corporate Governance which is publicised on the Council's website. As noted at above, the Council's Local Code has not been reviewed and presented to the Audit Committee since June 2024.

2.3.2 The Council's 2025/26 AGS forms part of the Draft Annual Financial Statements report to the Audit Committee, and it sets out how the Authority has complied with the Code and meets with the requirements of the Accounts and Audit Regulations 2015. The Authority meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an AGS.

2.3.3 The 2025/26 AGS identifies the key risk issues for the Council to mitigate during 2026/27.

3. Risk Management

3.1 Service Business Plans, prepared annually, incorporate a Risk Register setting out the risks for each Service.

3.2 The Corporate Risk Register is populated with risks to the achievement of the Council's corporate objectives and all risks are categorised and allocated to a responsible Officer; these are supported by Service Risk Registers included in Business Plans.

3.3 As noted above, the Council's Corporate Risk register has not been presented to the Audit Committee during 2025/26.

4. 2025/26 Audit and Counter Fraud Plan

4.1 The 2025/26 Audit and Counter Fraud Plan was agreed by the Audit Committee at its meeting of 25 March 2025. Updates on progress have been reported to the Audit Committee during the 2025/26 financial year. The Audit Opinions agreed with managers contribute towards the 2025/26 Annual Opinion.

5. Financial Control and Resilience

5.1 Through 2025/26, financial management, administration and governance developments included a number of staffing changes at a senior level.

- The Interim Director of Finance and S151 Officer was appointed to the permanent post of Executive Director of Resources.
- The Council appointed a new Director of Finance (S151)
- The Council appointed permanently to the role of Monitoring Officer.
- The Council recruited substantively a Deputy Chief Executive/Director of Health & Care (previously a seconded individual)
- An Assistant Director of Workforce and Organisational Culture was appointed, and key posts within the HR and Payroll Service have been filled.
- An Assistant Director of Revenues and Benefits was appointed to fill this vacant post.
- A Director of Digital was appointed and other key posts in ICT have been filled.
- An Assistant Director of Transformation has been appointed.
- An Assistant Director of Communication and Strategy has been appointment
- An Interim Head of Procurement has been appointed to this vacant role.

5.2 The Council has, therefore, continued to take steps to appoint permanent staff to a number of key roles during 2025/26.

5.3 During 2025/26 the Director of Finance initially reported directly to the Chief Executive and was a member of the Management Board. On appointment of the Executive Director of Resources, the newly appointed Director of Finance reported to the Executive Director of Resources. The Director of Finance however also has unfettered access and reports directly to the Chief Executive and senior leaders, and to the Leader of the Council, to Cabinet and to other Members.

5.4 A self-assessment against the Financial Management Code was reported to Audit Committee on 5 September 2023 which indicated that in most areas of recommended best practice the financial administration of the Authority is sound.

5.5 The year-end final accounts for 2025/26 were submitted for audit by the statutory deadline. All working papers supporting the financial statements have been subject to a structured, detailed, and independent quality assurance process to ensure compliance with external audit guidelines.

5.6 The 2024/25 AGS identified the Council's financial position and financial resilience at that time as the most significant governance issue facing the Council.

5.7 In terms of overall financial outcomes against budget for the year 2025/26, the unaudited financial results shows that the Council exceeded its annual budget by £3.845m. (2024/25 c£10m) This overspend was funded from the Council's reserve balances available for this purpose and also a one-off facility available to capitalise capital project interest charges and reduce the 2025/26 in-year overspend position by approximately £11m. In addition, the Council has increased earmarked reserves and revenue grant reserves for the purposes of providing future revenue budget support should this be required. In summary, whilst a call on reserves to fund unplanned revenue budget overspends should be avoided where possible, the Council has taken steps in year, and for future periods, to mitigate future financial risks.

5.8 However, should the use of reserves to support revenue expenditure continue, the Council risks the prospect of reduced financial resilience in future periods.

6.1 Fundamental Financial Systems (FFS)

6.1.1 In accordance with the 2025/26 Plan, Internal Audit continued to review material fundamental financial systems.

6.1.2 The table below sets out the Audit Opinions across the Council's main financial systems between 2022/23 and 2025/26.

6.1.3 Until March 2025 the four audit opinion levels used by the Internal Audit Service were **Good, Adequate, Inadequate,** and **Weak.** As of April 2025 the service has replaced these with the standard opinion levels and definitions in CIPFA's published guidance on: **Internal Audit Engagement Opinions: Setting common definitions.** This guidance recommends the following 4 opinion levels when issuing an audit opinion on individual audit reviews.

- **Substantial Assurance** "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."

- **Reasonable Assurance** "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."

- **Limited Assurance** "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."

- **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."

6.1.4 The previous audit opinion levels in use at Oldham of Good, Adequate, Inadequate, and Weak utilised broadly similar definitions to the above. The four opinion levels are, therefore, directly comparable across years.

Fundamental Financial Systems Audit Opinions 2022/23 to 2025/26

Financial System	2022/23	2023/24	2024/25	2025/26
Accounts Payable	Adequate	Adequate	Reasonable	Reasonable
Accounts Receivable	Adequate	Adequate	Reasonable	Reasonable
Treasury Management	Good	Good	Reasonable	Reasonable
Bank Reconciliations	Good	Good	Substantial	Reasonable
Council Tax	Adequate	Adequate	Reasonable	Reasonable
Fixed Assets	Adequate	Adequate	Reasonable	Reasonable
NDR (Business Rates)	Adequate	Adequate	Reasonable	Reasonable
Direct Payments & Homecare	Weak	Inadequate	Limited	Reasonable

Residential Care Payments	**Inadequate**	**Inadequate**	**Limited**	**Reasonable**
ASC Client Finance	**N/A**	**N/A**	**N/A**	**Reasonable**
Payroll	**Inadequate**	**Inadequate**	**Limited**	**Limited**
Children's Social Care	**Inadequate**	**Inadequate**	**Limited**	**Limited**
Debt Recovery	**Inadequate**	**Inadequate**	**Limited**	**Limited**
Income Control	**Good**	**Adequate**	**Reasonable**	**N/A**
Council Tax Reduction	**Adequate**	**Adequate**	**N/A**	**N/A**
Housing Benefits	**Adequate**	**N/A**	**N/A**	**N/A**
Audit Opinions	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Good / Substantial Assurance	**3**	**2**	**1**	**-**
Adequate / Reasonable Assurance	**6**	**7**	**7**	**10**
Inadequate / Limited Assurance	**4**	**5**	**5**	**3**
Weak / Weak Assurance	**1**	**-**	**-**	**-**
N/A	**-**	**1**	**2**	**3**
Total	**15**	**15**	**15**	**16**

6.1.5 Overall, the table above highlights an improving control environment in respect of the Council's Fundamental Financial Systems:

6.1.6 However, the three reviews receiving opinions of Limited assurance have done so for a number of successive years. A number of the recommendation made in connection with these reviews have been re-iterated during this period. This lack of progress in addressing recommendations over successive years is a cause for concern. However, as noted above, progress during 2025/26 has been apparent and improved outcomes are anticipated in future periods. We have added an additional review this year, ASC Client Finance, which previously formed part of the other two Adult Social Care reviews, Direct Payments & Homecare and Residential Care Payments. We have re-structured our reporting arrangements in this area to reflect the ongoing re-structure of the management arrangements for the Client Finance function.

6.1.7 For those systems which have been assessed as Adequate / Reasonable for a number of years, managers are encouraged to develop appropriate plans to facilitate the required improvement to Substantial assurance. To support this, Internal Audit will continue to deliver financial systems audits and engage with key colleagues to facilitate this improvement.

6.1.8 In line with the Audit Service's ongoing review of its own effectiveness, we have not undertaken a review of Housing Benefit systems and controls this year. Housing Benefits are reviewed by both of the Authority's external Audit providers, Forvis Mazars as part of their overall work in connection with the Council's Annual Financial Statements, and KPMG as the Council's auditors in respect of the Council's Housing Benefit Subsidy claims. Given the external audit focus on this area, the move over to Universal Credit, and the history of Adequate opinions, we have not reviewed this area in 2025/26. We will however keep this position under review and return to the area should we feel that this is necessary in the future.

6.1.9 Similarly, the Council Tax Reduction review is now undertaken as part of the overall audit review of Council Tax in order to streamline audit work within the service.

6.2 Payroll

6.2.1 The Payroll Service has experienced historic issues in the retention and replacement of key staff over the last three review periods, 2022/23, 2023/24 and 2024/25. During 2025/26 the service has been successful in recruiting to key roles and progress against long standing audit recommendations is underway. Whilst the service has been successful in making progress during 2025/26, work on some audit actions continues into 2026/27.

6.2.2 In light of the above, and despite the Service's continued acceptable performance in ensuring employees are paid, by and large, correctly and on time, the 2025/26 audit opinion is that the systems and controls in connection with the payroll administration continued to provide **Limited** assurance in light of the system's relative materiality and importance.

6.2.3 The Audit and Counter Fraud team will continue to work and liaise closely with the Payroll Team to monitor and report on further developments and performance going forward.

6.3 Adults' Social Care Services – Direct Payments & Homecare, and Residential Care Payments.

6.3.1 The Community Health and Adults' Social Care (CHASC) Service directly manages two of the Council's fundamental financial systems; the systems for payments of Direct Payments and Community Homecare, and the Residential Care Payment system.

6.3.2 Following a number of year's of Limited assurance opinions in both of these areas, the 2025/26 Audit opinions for both Residential Care Payments and Direct Payments and Homecare are assessed as providing **Reasonable** assurance. This improvement in opinion level reflects significant progress against some long-standing recommendations in this area.

6.3.3 The Service has made significant progress in the year in:

- Addressing the increasing numbers of open workflow items year on year, though a number of historic items still require review.
- Maintaining their above GM average performance in completion of statutory annual care reviews, though work is still required on those more than two years overdue.

6.3.4 One of our audit recommendations from previous reviews in these areas was to finalise management and reporting arrangements for the Adult Social Care Client Finance Team. This team has, in the past, been managed at different times within both the Adult Social Care Directorate, and within the Revenues and Benefits Service. Going forward the Service will be managed within the Revenues and Benefits Service and extraction of these elements from the Adult Social care reviews will help to more clearly reflect and allocate responsibility for performance and improvement going forward. The new Adult Social Care (ASC) Client Finance review has also received a **Reasonable** assurance opinion for 2025/26.

6.4 Children's Services

6.4.1 The inaugural review of the systems and controls in connection with Children's Services during 2022/23 found controls in this area to be Inadequate / Limited.

6.4.2 The main findings of the 2022/23 review were that, whilst no instances have been identified where the Service is failing in meeting its objectives, it is not always recording either the inputs or outputs associated with its work in such a way as to allow complete and reliable management information to be produced.

6.4.3 This failure to maintain complete and accurate records presents a dual risk that:

- The management information available to service management is less reliable for the purposes of decision making and performance monitoring.
- Failure to address inaccurate or incomplete records presents an additional risk that service users who are not receiving timely and appropriate care will not be identified.

6.4.4 Despite the results of the 2022/23 review having been well received by the Service, our work in 2023/24 and 2024/25 found limited evidence of progress against the recommendations made in 2022/23. As a result, our opinion in this area remained Limited.

6.4.5 Work by the Service to improve the financial information available within Children's Services Directorate is still underway. There have been delays in the Mosaic upgrade project due to business-as-usual demands on services and essential Mosaic IT upgrades. It is anticipated that the ongoing Mosaic Children's Finance Project Group objectives will assist in providing further assurance in this area going forward.

6.4.6 A number of recommendations agreed for improvement in 2024/25 have been carried forward into 2025/26 and three additional recommendations have been added to our 2025/26 report and action plan**.** As a result, our opinion in this area for 2025/26 remains **Limited**.

6.5 Debt recovery

6.5.1 Work in connection with the FFS reviews of Council Tax, Non-Domestic Rates and Accounts Receivable during 2021/22 highlighted a common theme of substantially increased levels of debt across all of these areas, and this trend has continued into 2025/26 as shown in the table below which, in the case of NNDR and Council Tax, shows the debt outstanding at 31st March each year relating to prior years, i.e. historic debt excluding in-year debt.

	18/19 (£m)	19/20 (£m)	20/21 (£m)	21/22 (£m)	22/23 (£m)	23/24 (£m)	24/25 (£m)	25/26 (£m)
Council Tax	24.53	28.43	32.89	33.56	34.40	38.24	43.12	49.15
NNDR	6.29	7.61	9.24	9.38	8.51	7.80	10.02	12.71
Sundry Debtors	16.17	15.76	18.16	23.57	23.44	27.46	28.67	36.60
Total	**46.99**	**51.80**	**60.29**	**66.51**	**66.35**	**73.50**	**81.81**	**98.46**

6.5.2 The Council has recognised this issue and is pursuing a number of initiatives for the reduction of outstanding debt and improvement of income collection processes. This includes progression from Charging Orders to Orders for Sale on empty properties, bankruptcy and winding up petitions to recover longstanding and material debts.

6.5.3 However, progress on implementation of the Council's plans in connection with both collection of recoverable debt, and write-off of irrecoverable debt, continues into 2026/27. Outcomes from this ongoing work are anticipated going forward. However, for the 2025/26 financial year our opinion in this area continues to be **Limited.**

7. ICT and Information Governance

7.1 Secure and reliable ICT is critical in providing assurance over good governance, internal control, client safety and client financial security across all areas of Council activity. Weaknesses in this area should be addressed as a matter of priority to provide assurance that the Council can continue to provide vital public services, in addition to safeguarding assets, data and resources.

7.2 The business-critical risks associated with cyber-attack are well publicised. During 2025/26 the responsibility for Information Management and Governance rested with the Council's Executive Director of Resources as the Senior Information Risk Officer (SIRO). In response to this risk the Council:

- Issues reminders to all employees and Members requesting completion of the Council's interactive Mandatory Cyber Security training course.
- Publishes cyber awareness guidance on the Council intranet.
- Has a policy on password complexity in alignment with the recommendations of the National Cyber Security Centre (NCSC).

7.3 Specialist IT audit work undertaken on the Council's behalf by Salford Council's Technical Audit Service (STAS) in respect of 2024/25 resulted in the following:

- National Cyber Security Centre Cyber Assessment Framework – **Reasonable** Assurance
- IT Supplier Management – **Limited** Assurance
- Cloud Service Management – **Limited** Assurance
- Physical Security & Environmental Controls – **Limited** Assurance

7.4 We have an agreed programme of follow up work in place with STAS during 2026/27 to verify progress on the recommendations in these reports which the Service self-reports as being complete in all areas. However, in the absence of independent verification of progress our opinions on these areas must, for the time being, remain that they continued to provide **Limited** assurance 2025/26.

7.5 ICT Audit review work in 2026/27 included:

- Security Incident Management and Response – **Reasonable** Assurance
- Payment Card Industry Data Security Standards (PCI-DSS) – **Limited** Assurance

We will follow up on progress on actions flowing from these reviews going forward

8. Procurement

8.1 The Council has a procurement team to assist in ensuring that all legal and regulatory requirements are adhered to when procuring goods and services. The separation of this independent function from the procuring departments provides additional segregation and oversight controls across the Council's procurement activity.

8.2 During our review of the Council's Contracts Register in 2023/24, the departure of the Head of Procurement in that year had a significant impact on the evidence available to provide the assurance that the Council's Procurement Service was operating in a co-ordinated way to address the Council's ongoing procurement needs.

8.3 Also noted were inconsistent record keeping practices across the Service in respect of important contractual documentation and communications. It was often a difficult and lengthy process to access the records required for our work.

8.4 The Council took steps to address these issues and:

- The Procurement Service now sits within the remit of the Executive Director of Resources.
- A new Interim Head of Procurement is now in place since January 2026.
- An independent review of the Council's Procurement Function was undertaken by STAR Procurement during 2024/25.

8.5 The wide-ranging independent review of the Council's Procurement Function undertaken by STAR Procurement during 2024/25 contained, among a range of other findings, the following:

"A number of [internal] *audits have taken place which have been linked to procurement with similar themes and outcomes emerging. There is little collective ownership in responding and dealing with issues/actions raised. More proactive action required, working with Audit colleagues on a planned audit plan to identify areas for improvement and concern to deliver improvement."*

8.6 The requirements of the Procurement Act 2023 came into force on 1st April 2025. The Act makes mandatory the publication of certain information in respect of upcoming Council contracts over £2m over an 18 month forward timeline.

8.7 In light of this, in following up our previous review of the Council's Contract Register which received an Inadequate / Limited assurance opinion in 2022/23, we conducted a high-level review of the Council's compliance with the Procurement Act 2023 during 2024/25. This found that the Council had met the mandatory publication requirements of the Act insofar as all upcoming contracts over £2m which the Procurement Service have been made aware of by procuring Services of have been published as required by the Act.

8.9 However, work in connection with the Council's own internal Contracts Register, and to record the pipeline of upcoming contracts below the mandatory publication threshold, remained ongoing throughout 2025/26. The Interim Head of Procurement reports that an Internal Contracts Register is now in place and full population of the register is ongoing

8.10 As a result we have not yet followed up on our 2022/23 work in this area during 2025/26, and our opinion in respect of the Council's Contracts Register arrangements remains that they provide **Limited** assurance that the Council is ensuring it obtains best value in procurement.

8.11 We will continue to liaise with the Interim Head of Procurement to schedule a follow up review in this area as soon as is practicable during 2026/27.

9. The Council's Delegated Decision Recording System

9.1 Under Section 101 of the Local Government Act 1972, non-executive functions of the Council may be delegated to Officers by the Council, Committees and Sub-Committees.

9.2 The Scheme of Delegation sets out who is responsible for various "levels" of decision in Part 3 of the Council's Constitution, "Responsibility for Functions". Decisions made under delegated powers are the subject of a Delegated Decision Report outlining the background, options and reason for the decision being taken.

9.3 When reaching the decision outlined in the delegated report, officers are required to consult with Members and other Officers as appropriate. This must include the Director of Legal Services (Monitoring Officer) and Director of Finance (S151 Officer).

9.4 The Council's decision recording system, Modern.Gov, holds records on all the meetings held as part of Council business, alongside any decisions reached. The decisions should also include a delegated report and any background papers, with items restricted as appropriate.

9.5 Findings from our previous review resulted in a Limited assurance opinion for 2024/25. We have completed our follow-up work in this area during 2025/26 and, having found the majority of audit recommendations to have been satisfactorily implemented, and we are pleased to report that our opinion has been revised to **Reasonable** Assurance.

10. The Council's Corporate Performance Management System

10.1 The Local Government Act 1999 requires that Council services are: 'responsive to the needs of citizens, of high quality and cost-effective, and fair and accessible to all who need them'. Statutory guidance on the Council's 'best value duty' places Authorities under a general duty to: *'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness'.*

10.2 The Council's Corporate Plan 2024-2027 sets out the Council's priorities for the Borough in connection with improving the outcomes for Oldham's citizens and businesses. Oldham, in line with many other Local Authorities is faced with a range of challenges in achieving its corporate objectives and in delivering key services. Effective performance management and measurement helps to ensure success in meeting these challenges and to identify areas of underperformance.

10.3 Up to December 2023, the Council's corporate performance management system was CorVu, purchased in 2008 and implemented in 2010, with a requirement for a rolling 3-year maintenance licence. The last licence renewal expired in December 2023, with the product being discontinued after this period. The CorVu system provided automated reports from data within the system; and performance management modules to monitor corporate measures, projects, actions, and risks.

10.4 As CorVu reached the end of its life in December 2023, the Council conducted research into viable alternatives. The research concluded that there was no viable product available to replace CorVu. The Council intended on utilising Power BI as a method of bridging the gap until a suitable alternative is found.

10.5 From our work in this area during 2024/25 we found that Corporate Performance Reports (CPR) were being presented via PowerPoint in an effort to provide more nuance to each service's performance data. These reports also included comments from the portfolio holder. For some services with quantifiable KPIs, PowerBI dashboards were also being utilised.

10.6 Findings from the Internal Audit review included:

- KPIs being submitted without supporting documentation. The process is considered to be collaborative and challenge is limited.
- Instances of incomplete KPI records for certain services.
- The KPIs reported were those agreed upon by service managers, potentially leading to an incomplete or skewed view of service performance.

- Some instances of services failing to submit complete and timely business plans were reported during the course of the review.

10.7 These findings reflected a risk that the Council may not be able to measure performance in a way which is open, accountable, comparable, or in line with the Council's corporate and service objectives and identified risks. As a result of our findings, our opinion in 2024/25 was that controls in connection with Council's Corporate Performance Management procedures provided Limited assurance in connection with the applicability, robustness and accuracy of the Council's performance management reporting processes.

10.8 Work has taken place during 2025/26 and continues into 2026/27, and a replacement system for CorVu is in development with an anticipated completion date of December 2026. We have not, therefore, followed up on our work in this area during 2025/26 and, whilst progress against our previous recommendations is evident, our opinion in respect of 2025/26 remains **Limited**.

11. The Council's Recruitment and Disciplinary Procedures

11.1 Human Resources, a part of Corporate Resources, plays a critical role in providing a fully integrated strategic, advisory, and support function to service managers. Its purpose is to enable effective people management across the council, aligning with the objectives of the Council and supporting the delivery of corporate priorities and goals.

11.2 Findings from the Internal Audit review of arrangements in place to support recruitment vetting and disciplinary procedures in order to prevent and detect fraud, theft and financial and other misconduct by Council staff during 2024/25 identified:

- No centrally held records of employment references were held in connection with staff employed in maintained schools.
- Failure to follow up on unsatisfactory employment references was found.
- Disclosure and Barring Service (DBS) check outcomes are unavailable to recruiting managers during the initial selection process up to and including final candidate selection and making a firm offer of employment.
- A lack of training for disciplinary hearing Chairpersons presents a risk to the consistency, fairness, and legal compliance of disciplinary processes.
- Half of all cases of Gross Misconduct cases examined which were found to be proven at a formal disciplinary hearing did not result in dismissal.
- In respect the cases which did not result in dismissal the other sanctions imposed were either a final written warning, a letter of concern or a management instruction. The distinction between these sanctions was unclear.
- Over 80% of Gross Misconduct cases examined involving fraud or theft by employees had received no referral to the Counter Fraud Service.

11.3 These findings reflected a risk that the Council was failing to adequately protect itself, its staff and residents from the risk presented by employing, or retaining, staff who have demonstrated challenges in adhering to acceptable standards of behaviour in either previous employments (by way of references and DBS checks), or have been proven to have conducted themselves in a manner considered to be classifiable as Gross Misconduct in the course of their duties for the Council. As a result of our findings as set out above, our opinion for 2024/25 was that controls in connection with the Council's Recruitment and Disciplinary Procedures provided Limited assurance in connection with the effectiveness and consistency of these systems.

11.4 We have followed up on our recommendations in connection with the Disciplinary aspects of our 2024/25 review and are pleased to report that significant progress is evident in this area with the majority of our recommendations already implemented and the balance in train. As a result we have raised our opinion level in this area in 2025/26 to **Reasonable**. We will continue our follow up work in respect of recruitment during 2026/27 and report on our findings in due course.

12. Conclusions and 2025/26 Annual Audit Opinion

12.1 Following on from the Limited assurance opinion received by the Council for 2024/25, senior leaders implemented a robust system of senior level management and oversight of progress against the issues raised in the Head of Audit's Annual Report and Opinion for that year. This involved detailed, regular progress reporting to the Council's Chief Executive and Executive Directors, to the Leader of the Council and Portfolio Holder, and to the Council's Audit Committee.

12.2 Self-reporting of progress by Services has been at a granular level, on a recommendation-by-recommendation basis, with reasons for programme slippage required where this has been the case.

12.3 The Chief Executive, Executive Directors, Leader, Portfolio Holder and other responsible Officers have regularly attended the Council's Audit Committee throughout 2025/26 to provide written and verbal updates to Members and answer Member questions on progress. Progress against the areas and recommendations outstanding from 2024/25, and findings in connection with additional areas of Risk Management and Partnership Governance are provided below.

Financial Control and Resilience

12.4 In 2024/25, internal control arrangements in connection with five of the Council's Fundamental Financial Systems received Limited assurance opinions and had done for successive years. Three of these systems, in connection with Adult's and Children's Social care services support areas of delivery which provide the bulk of the expenditure budget challenges for the Council for 2025/26 and prior years.

12.5 During 2025/26 there has been progress in addressing audit recommendations across all of these areas, and our opinions in respect of both of our Adult Social care reviews have improved to **Reasonable** assurance. In other areas implementation has either come later in 2025/26 or continues into 2026/27, in a number of cases improvements are pending further ICT development actions to support improvements. Our opinions in respect of our work in Children's Social care, Payroll and Debt Recovery, therefore, remain **Limited**. Improved outcomes from work completed and ongoing are expected to arise throughout 2026/27 and the direction of travel is positive.

12.6 In terms of overall financial outcomes against budget for the year 2025/26, the unaudited financial results shows that the Council exceeded its annual budget by £3.845m. (2024/25 c£10m) This overspend was funded from the Council's reserve balances available for this purpose and also a one-off facility available to capitalise capital project interest charges and reduce the 2025/26 in-year overspend position by approximately £11m. In addition, the Council has increased earmarked reserves and revenue grant reserves for the purposes of providing future revenue budget support should this be required. In summary, whilst a call on reserves to fund unplanned revenue budget overspends should be avoided where possible, the Council has taken steps in year, and for future periods, to mitigate future financial risks.

ICT

12.7 Three of the four specialist ICT reviews which reported during 2024/25 provided Limited assurance over the controls in place in connection with IT Supplier Management, Cloud Service Management and Physical Security & Environmental Controls. Secure and reliable ICT is fundamental to both front line operational services and corporate support services throughout the Council. Without functioning and reliable systems in place no modern organisation can operate either effectively, or in some cases at all.

12.8 The Service has reported steady progress against the recommendations in these audit reports over the course of 2025/26 and, as at the date of the last report to the Audit Committee in March 2026, reported that all recommendations were now complete. ICT audit is a specialist audit area, and the Council engages Salford Technical Audit Service (STAS) to conduct these reviews on our behalf. A programme of follow up work to provide independent confirmation of the progress reported has been agreed and will take place over the course of 2026/27. However, in the absence of this independent confirmation, we cannot yet revise our **Limited** opinion in these areas for 2025/26.

12.9 We are pleased to note that that in connection with their review of the Council's arrangements for Security Incident Detection and Response in 2025/26, STAS found the control environment to provide **Reasonable** assurance.

Procurement

12.10 Work in connection with the compilation of the Council's own internal Contracts Register continued into 2025/26, having initially been raised as an area for improvement in previous years.

12.11 At their last progress update to the Audit Committee in March 2026, the Service reported mixed progress against the outstanding audit recommendations. However, as noted in other areas above, much of the progress reported in this area was either commenced or completed later in 2025/26, with outcomes expected to arise during 2026/27. We have not yet revisited this area to independently verify the reported progress and will liaise with the Service to conduct further testing at the earliest appropriate opportunity. Therefore, our opinion in this area remains that the controls in place for 2025/26 provided **Limited** assurance.

Decision Making

12.12 Findings from our review of the Council's Delegated Decision Recording System in 2024/25 reflected a risk that the Council was not ensuring openness and accountability in its decision making and recording processes; that sensitive information may be shared inadvertently, and in some cases, decisions may be progressed in the absence of complete and accurate information.

12.13 We have completed our follow up testing in this area and are pleased to report that the results show that the majority of the audit recommendations have now been implemented during 2025/26, with no significant issues identified in the Delegated Decision Reports sampled at follow up stage. As a result, our opinion is that controls in connection with the Council's Delegated Decision Recording System provide **Reasonable** assurance on the transparency and accountability of the Council's decision making processes and records. Further work remains to fully implement the ModernGov system to provide a full audit trial within the system, and we will monitor this going forward.

Corporate Performance Management

12.14 Findings from our review of the Council's Corporate Performance Management Systems in 2024/25 reflected a risk that the Council may not be able to measure performance in a way which is open, accountable, comparable, or in line with the Council's corporate and service objectives and identified risks. The Service reports progress against our previous recommendations in this area which continues into 2026/27. As a result, our opinion is that controls in connection with Council's Corporate Performance Management continued to provide **Limited** assurance during 2025/26.

Recruitment and discipline

12.15 Our findings during 2024/25 in connection with the Council's controls in connection with both recruitment and discipline reflect a risk that the Council is failing to adequately protect itself, its staff and residents from the risk presented by employing, or retaining, staff who have demonstrated challenges in adhering to acceptable standards of behaviour in either previous employments, or have been proven to have conducted themselves in a manner considered to be Gross Misconduct in the course of their duties for the Council. Our opinion is that controls in connection with the Council's Recruitment and Disciplinary Procedures provided Limited assurance in connection with the effectiveness and consistency of these systems during 2024/25.

12.16 We have followed up on our recommendations in connection with the Disciplinary aspects of our 2024/25 review and are pleased to report that significant progress is evident in this area with the majority of our recommendations already implemented and the balance in train. As a result we have raised our opinion level in this area to **Reasonable**. We will continue our follow up work in respect of recruitment during 2026/27 and report on our findings in due course.

Corporate Risk Management

12.17 The most recent update to the Council's Audit Committee on the Corporate Risk Register was reported in March 2025. There has been oversight by the Executive Team and Management Board, as risk management is a key component of effective governance within any organisation. The Council will look to strengthen its approach by reintroducing regular monitoring and oversight of corporate-level risks to the appropriate committee, alongside timely action to manage and mitigate these where appropriate.

Partnership Governance

12.18 Oldham Total Care was acquired by Oldham Council following the previous provider, formerly known as Chadderton Total Care, entering administration. This created a significant risk to continuity of care and putting approximately 100 residents, many with complex needs, at risk, as well as engendering uncertainty for around 200 staff.

12.19 Our review of the governance and financial administration arrangements at Oldham Total Care identified a number of areas where structures, systems and processes would benefit from further strengthening to fully support the effective governance of the organisation. While this work is still ongoing since the Council acquired the business, the current level of assurance is assessed as **Weak**, with improvements required across a number of the areas identified. However, these findings also provide a clear basis for continued development and enhancement of governance arrangements going forward which will be required to be addressed.

Conclusion and Annual Audit Opinion

12.20 Following on from the Limited assurance opinion received by the Council for the financial year 2024/25, senior leaders and Members have focussed substantial management and oversight resources to ensure that progress against the areas highlighted in the 2024/25 AGS.

12.21 Significant progress has been reported by Services across the majority of areas highlighted in the Head of Internal Audit's Annual Report and Opinion for 2024/25. Which reflects the clear organisational commitment to strengthening governance, risk management and internal control arrangements.

However:

- Some of these improvements and progress has been realised towards the latter part of the 2025/26 financial year, and some remains ongoing into 2026/27. Benefits of these improvements in terms of outcomes are expected to become fully embedded and evident during 2026/27 and future years.
- Independent validation of service reported progress has been undertaken where possible. In some areas full assurance is still being established, mainly as a result of the timing of the implementation of the audit recommendations during the latter part of the year.
- A number of services are continuing to develop with further progress linked to enabling improvements, including those associated with further work in connection with the development of ICT.

12.22 As a result, the overall conclusion and Annual Audit Opinion is that the Council's systems of governance and internal control during 2025/26 continued to provide **Limited** assurance. However, there is a clear implementation plan in place and a positive trajectory of improvement and, should the current momentum be sustained throughout 2026/27, there is an expectation that assurance levels will improve in coming years.

12.23 There have been no impairments to the independence or objectivity of the Head of Internal Audit in arriving at this opinion.

13. Corporate Counter Fraud and Investigations

13.1 Corporate counter fraud work continued to contribute significant financial returns in excess of the costs of undertaking this work during 2025/26.

13.2 The tables below set out the key outcomes; with comparative data year on year data shown in Appendix 2:

Corporate Counter Fraud Results

Performance Indicator/Output Measure	2025/26
Corporate Cases - Positive Results	128
CTR cases amended as a result of an investigation	95
Fraud & Error Overpayments identified as part of Corporate Cases	£88,638
HB Fraud & Error Overpayments identified via CTR investigation	£45,615
CTR Fraud & Error Overpayments identified	£141,825
Total Financial Outcomes from Counter Fraud	**£276,078**

13.3 The table below shows the breakdown by category of the corporate counter fraud cases which yielded positive results during the year, with the actual number of investigations undertaken to achieve these results being higher. In some categories below case numbers are shown as “Less than 5” in order to mitigate against Data Protection concerns that an individual could be identified where the number of cases is small.

Corporate Cases	No. of cases	£
NFI - Single Person Discount	50	£19,931.61
Fraudulent Credit Card Payments - Council Tax	Less than 5	£700.00
NFI - Blue Badge	52	£0.00
NFI - Duplicate Payments	14	£43,329.62
Direct Payment Misuse	Less than 5	£210.00
Staff - Abuse of Position	Less than 5	£5,466.63
NFI - Residential Nursing Homes	Less than 5	£18,999.90
Schools Admission	Less than 5	£0.00
Total	**128**	**£88,637.76**

13.4 The Council’s Counter Fraud Service continues to support the Internal Audit Service and, in addition to the reactive counter fraud investigation work summarised above, has also undertaken a proactive fraud focussed review of Disciplinary Procedures, and of Expenses and Travel and Subsistence, and provided support to the Council’s Monitoring Officer in benchmarking Standards Complaints across GM.

14 Internal Audit and Counter Fraud Service effectiveness

14.1 Between 1st April 2013 and 31st March 2025 Internal Audit and Counter Fraud performance was self-assessed annually in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

14.2 The PSIAS also required an independent External Quality Assessment (EQA) of compliance against the standards every 5 years. Oldham's second, and latest, review was conducted in 2023 by CIPFA. From 1st April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards (GIAS) 2024 and UK Local Government Application Note (LGAN) 2024**. These replace the PSIAS and LGAN, and an independent EQA against the updated GIAS standards is also required every 5 years.

14.3 Under our latest PSIAS assessment in 2023, three overall opinions were available to the assessor. That the Service either:

- Generally Conforms to the Standard.
- Partially Conforms to the Standard.
- Does not Conform to the Standard.

14.4 The overall opinion of the latest external assessment of the Internal Audit Service at Oldham, by CIPFA, is reproduced below:

It is our opinion that the self-assessment for Oldham Metropolitan Borough Council's Internal Audit Service is accurate, and we therefore conclude that the Internal Audit Service GENERALLY CONFORMS to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

14.5 In addition, the assessor also provided an opinion of the level of conformance with the PSIAS and LGAN in each of the areas assessed. The table below shows the Internal Audit Service's level of conformance to the individual standards as assessed during this most recent external quality assessment:

Standard / Area Assessed	Level of Conformance
Mission Statement	**Generally Conforms**
Core principles	**Generally Conforms**
Code of ethics	**Generally Conforms**
Attribute standard 1000 – Purpose, Authority and Responsibility	**Generally Conforms**
Attribute standard 1100 – Independence and Objectivity	**Generally Conforms**
Attribute standard 1200 – Proficiency and Due Professional Care	**Generally Conforms**
Attribute standard 1300 – Quality Assurance and Improvement Programmes	**Generally Conforms**
Performance standard 2000 – Managing the Internal Audit Activity	**Generally Conforms**

Standard / Area Assessed	Level of Conformance
Performance standard 2100 – Nature of Work	**Generally Conforms**
Performance standard 2200 – Engagement Planning	**Generally Conforms**
Performance standard 2300 – Performing the Engagement	**Generally Conforms**
Performance standard 2400 – Communicating Results	**Generally Conforms**
Performance standard 2500 – Monitoring Progress	**Generally Conforms**
Performance standard 2600 – Communicating the Acceptance of Risk	**Generally Conforms**

14.6 The assessor went on to say that there are no areas where Oldham's Audit Service partially conforms with the standard, and no areas where the Audit Service does not conform with the standard.

14.7 In addition, progress against CIPFA's single low priority recommendation and eight further "advisory points" contained in their latest report is shown below:

Recommendation	**Agreed Action**
All audits in the audit plan should be aligned to the Council's objectives. (Low Priority) The Service publishes a risk-based operational audit plan that is designed to provide the Council with relevant assurance on their governance, risk management and control frameworks. Each audit in the published audit plan is categorised and prioritised, but they are not mapped or aligned to the Council's priorities or corporate objectives, or the strategic risks, although this exercise has been carried out by the Service as part of their annual planning process. Cross referencing the audits in the published plan to the priorities and strategic risks would enhance transparency and demonstrate how Internal Audit fits into the Council's governance framework.	**COMPLETE** Cross referencing of the published Annual Audit Plan to Corporate Objectives and Strategic Risks included the 2025/26 annual audit plan taken to the Audit Committee March 2025.
Advisory Points	**Agreed Action**

Add a statement on impairments to the annual report and opinion (Advisory)	**COMPLETE** The following sentence has been added to the Head of Internal Audit's Annual Opinion Report and presented to the Audit Committee on 22nd July 2026. "There have been no impairments to the independence or objectivity of the HIA in arriving at this opinion."
Consider obtaining and using a specialist data analytics software application (Advisory)	**COMPLETE** The Service already uses a variety of data analysis and reporting tools. These include MS Excel and also the inbuilt functionality available in the systems used by the Council, e.g. Mosaic, Agresso and iTrent. Whole population testing is undertaken using both Mosaic (e.g. workflow analysis) and Agresso (e.g. user access control testing). Data matching is undertaken regularly as part of the National Fraud Initiative and also as part of routine audit work, e.g. duplicate creditors and duplicate creditor payments. The Service accepts the principle of the advisory point and will continue to review the packages available to enhance capabilities in this area.
Consider using the MS Power BI application for data analytics and reporting (Advisory)	**COMPLETE** The Service already uses a variety of data analysis and reporting tools. These include MS Excel and also the inbuilt functionality available in the systems used by the Council, e.g. Mosaic, Agresso and iTrent. Whole population testing is undertaken using both Mosaic (e.g. workflow analysis) and Agresso (e.g. user access control testing). Data matching is undertaken regularly as part of the National Fraud Initiative and also as part of routine audit work, e.g. duplicate creditors and duplicate creditor payments. The Service accepts the principle of the advisory point and will continue to review the potential uses of MS Power BI to enhance the audit process.
Use of benchmarking data when scoping audits (Advisory)	**COMPLETE**

	Benchmarking data continues to be utilised across all audit review areas where available to inform planning and provide audit evidence, e.g. percentage of annual Adult Social Care reviews undertaken across Greater Manchester.
Adopt a consistent approach to using Pentana that is aligned to the Service's audit methodologies (Advisory)	**COMPLETE** The Audit Team has established a consistent approach to the filing of documentation within Pentana.
Enhancements to the audit reports (Advisory)	**COMPLETE** The following two statements are included in all Audit reports produced from April 2025: "This report is made solely as an internal management report to the Officers of the Council identified on the report distribution list as an aid to the effective management of Council resources, and for no other purpose. Our audit work has been undertaken in accordance with the Global Internal Audit Standards (GIAS) 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note (LGAN) 2024. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than those Officers for whom the report was produced, for our audit work, for this report, or for the opinions we have formed." "This review has been conducted in accordance with the Global Internal Audit Standards (GIAS) 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note (LGAN) 2024."
Consultation on the International Professional Practice Framework (IPPF) (Advisory)	**COMPLETE** From 1st April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards 2024 and UK Local Government Application Note 2024**. These replace the 2013 Public Sector Internal Audit Standards (Revised 2017) and Local Government Application Note.
Frequency of meetings for the Audit Committee (Advisory)	**COMPLETE**

	The number of planned meetings of the Audit Committee was 4 for 2025/26, with an additional meeting convened to consider the Council's Draft Financial Statements.

2025/26 Self-Assessment of the Effectiveness of the system of Internal Audit

14.8 From 1st April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards 2024 and UK Local Government Application Note 2024**. These replace the 2013 Public Sector Internal Audit Standards (Revised 2017) and Local Government Application Note.

14.9 The Global Internal Audit Standards 2024 comprise a definition of the purpose of Internal Audit and a set of required Standards. The Standards are organised into five domains:

- Domain I: Purpose of Internal Auditing.
- Domain II: Ethics and Professionalism.
- Domain III: Governing the Internal Audit Function.
- Domain IV: Managing the Internal Audit Function.
- Domain V: Performing Internal Audit Services.

14.10 The Standards cover all aspects of best practice in Internal Audit in **governing, planning, performing, monitoring and reporting**, and are mandatory for all internal auditors working in the UK public sector. Conformance with the Standards is conformance with best practice in Internal Audit.

14.11 In preparation for the introduction of the new Standards in April 2025, a self-assessment of the Internal Audit Service against the new GIAS 2024 Standards took place during 2024/25, and again in 2025/26 following their introduction.

14.12 The outcome of this most recent self-assessment is that the Service has continued to fully conform to the Requirements of the GIAS and LGAN during 2025/26.

14.13 The actions identified during the 2024/25 assessment which were required to maintain the Internal Audit Service in full conformance with the updated Standards are shown in the Supporting Initiatives Section below and, by way of the three supporting actions identified as a result of self-assessment during 2024/25 i.e.; updating the Internal Audit Strategy (set out here below and reported to Audit Committee in March 2025); updating the declarations of conformance on all Audit Reports from April 2025 onwards, and; inclusion of the GIAS 2024 Skills Competency Framework assessment for all Internal Audit staff as part of the Council's own ongoing annual performance appraisal process. All actions required are either complete (Audit Strategy and Declaration of Conformance) or ongoing (Skills Competency Framework as part of annual "Let's Talk" discussions).

Internal Audit Strategy

Vision

14.14 The Vision for the Internal Audit Service is to continue to strengthen Oldham Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight. The internal audit function will continue to work to enhance Oldham Council's:

- Successful achievement of its objectives.

- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Strategic Objectives

14.15 We will achieve this by:

- Continuing to plan our work in line with corporate objectives, corporate and departmental risks, issues identified in the Council's Annual Governance Statement, and senior officer requirements.
- Annually assessing and reporting on our conformance with the GAIS and LGAN 2024, and continuing our ongoing Quality Assurance and Improvement Plan (QAIP) process to address any non-conformance identified.
- By undertaking independent external assessment every 5 years to provide independent assurance on the effectiveness of the Internal Audit function in line with both the Council and Internal Audit Service objectives. The next independent assessment will be undertaken in 2028, and the results reported to senior management and the Audit Committee.

Supporting Initiatives (QAIP)

14.16 To aid in the achievement of these objectives we will:

- Update the Audit Charter and Strategy in line with updated requirements of the GIAS and LGAN 2024 (Completed March 2025).
- Update Internal Audit Report declarations of conformance with the GAIS and LGAN 2024 (Completed April 2025).
- Include the GIAS 2024 Skills Competency Framework assessment for all Internal Audit staff as part of the Council's own ongoing annual performance appraisal process, the "Let's Talk" discussion; identify staff training and development requirements against the framework, and develop action plans to address any areas of deficiency identified (ongoing from March 2025, updated Professional Ethics training conducted June 2025 with all staff in line with updated GIAS requirements).

Summary of Internal Audit and Counter Fraud Performance

14.17 In summary, during 2025/26.

- Twenty-eight audit reports were issued during the year, including two specialist IT Audit reports completed by Salford Computer Audit Service. One grant assurance review was also undertaken.
- The 2025/26 FFS reviews were again completed to support the year end assurance process.
- Customer feedback obtained for 2025/26, whilst limited, indicates that the team is well regarded and provides a professional service.
- Continued liaison between the Internal Audit and the Counter Fraud teams to capture process and control improvements required to improve internal control and minimise fraud; and further development of the annual audit plan for 2025/26 included pro-active fraud focussed reviews in addition to the traditional reactive/investigatory approach.

- As part of 2025/26 developments, further staff training in a range of governance and technical areas took place. This commenced in June 2025 with the entire Internal Audit and Counter Fraud Teams participating in a training event provided by CIPFA covering professional ethics in response to the updated definitions contained in the GIAS 2024.

15 2024/25 Audit and Counter Fraud Performance Targets

15.1 In 2024/25, Internal Audit continued to work with the Council's External Auditors and senior managers to maintain and further develop its quality of service by delivering the agreed performance targets as shown in the table below:

2024/25 Performance Target	Outcome
Completion of the annual FFS reviews identified through the audit needs assessment in support of the S151 Officer and the timely delivery of the Council's annual financial statements.	**Complete.** See summary of FFS review outcomes at Section 6.1 in this report.
Undertaking risk-based audit reviews across the Authority in line with areas highlighted by the Council's risk management processes, the AGS, Corporate and Recovery plans, upcoming developments/horizon scanning and liaison with Senior Officers.	**Complete.** See summary of work completed and ongoing as reported in the regular Internal Audit Progress Reports to the Audit Committee. The Annual Audit Plan 2025/26 highlights clear linkages between the work of the Service and the Council's Corporate Objectives, and the plan is constructed following liaison with Senior Officers as detailed below. The linkages between audit work, audit opinions and the Council's Annual Governance Statement are also discussed elsewhere in this report.
The development of the new Audit Management System in order to ensure reviews are carried out efficiently and properly recorded.	**Complete.** Pentana Audit Management system provides a single point of storage and Quality Assurance functionality for the service.
Reviewing organisational risks and priorities with the Director of Finance and senior managers within Directorates.	**Complete** Planning meetings for 2026/27 planning cycle were held with: • Chief Executive • Deputy Chief Executive (People).

	• Deputy Chief Executive (Place) • Executive Director of Resources. • Director of Legal Services. • MioCare - Associate Director Quality, Performance and Compliance.
Implementing further improvements in the process to capture customer service feedback through the new Audit Management System.	**Ongoing** Issuing of customer feedback questionnaires has continued. Responses are positive but remain limited in number. Actions to take forward to 2026/27: • Undertake further awareness raising and promotion among senior officers. • Add to the agenda items to cover in close out meetings with clients. • Review style and content of feedback form.
Further staff development and training in areas beyond fundamental systems reviews.	**Complete.** Audit staff have undertaken a variety of training courses during 2025/26, including an introduction to Internal Audit and report writing courses. One member of staff has commenced an AAT Apprenticeship, and we are currently hosting a graduate CIPFA trainee within the team. Further training for all staff included a session provided by CIPFA on Professional Ethics.
Continued close liaison with the Counter Fraud team to improve internal control around, and minimise, fraud.	**Complete.** The Counter Fraud team continues to support the work of the Internal Audit Team where required. The Fighting Fraud and Corruption Locally (FFCL) checklist and subsequent Action Plan reported to the Audit Committee in October 2025 identified areas for further pro-active audit review work with an anti-fraud and corruption focus.
Provide Internal Control and Counter Fraud training as required to staff across the Council.	**Complete/Ongoing.** The Internal Audit and Counter Fraud team continues to provide advice, guidance and training as required in all areas examined.

	Audit recommendations and guidance are issued in all audit reports as required, and both Audit and Counter Fraud staff have, and continue to be, active in providing advice and guidance in respect of emerging requirements and proposed system changes. The Fighting Fraud and Corruption Locally (FFCL) checklist and subsequent Action Plan reported to the Audit Committee in October 2025 identified improvements to Council wide communications on anti-fraud and corruption policies, guidance, and training. Counter Fraud awareness training was provided during 2025/26 to HR and Payroll staff in connection with communication and recording of cases of internal staff fraud following our report on Recruitment and Discipline issued in 2024/25.

15.2 Given that the above performance targets remain relevant, and linked to the requirements of the Global Internal Audit Standards the targets will be rolled forward into 2026/27. Performance targets will be re-assessed each year to ensure they remain relevant to the both the work of the Service, and to the needs of the Council as a whole.

Appendix 2

Counter Fraud Team
Comparative Performance Data 2021/22 to 2025/26

Output Measure	Outcome				
	2021/22	2022/23	2023/24	2024/25	2025/26
Corporate Cases - Positive Results	114	114	99	165	128
CTR cases amended as a result of an investigation	74	62	88	99	95
Fraud & Error Overpayments identified as part of Corporate Cases (£)	£78,052	£153,096	£30,235	£105,524	£88,638
HB Fraud & Error Overpayments identified as part of a CTR investigation (£)	£210,978	£95,016	£135,175	£156,181	£45,615
CTR Fraud & Error Overpayments identified (£)	£119,448	£63,948	£132,309	£187,081	£141,825
Total Financial Outcomes from Counter Fraud	**£408,478**	**£312,060**	**£297,720**	**£448,786**	**£276,078**