

**GREATER MANCHESTER AUDIT COMMITTEE****SUPPLEMENTARY AGENDA**

**DATE:** Friday, 20th November, 2020

**TIME:** 10.00 am

**VENUE:** This meeting will be held virtually via MS Teams and will be live-streamed for public view. The link to watch the meeting is available on the meetings page of the GMCA website.

**AGENDA****6. SUMMARY POSITION OF AUDIT**

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Report of Steve Wilson, GMCA Treasurer

For copies of papers and further information on this meeting please refer to the website [www.greatermanchester-ca.gov.uk](http://www.greatermanchester-ca.gov.uk). Alternatively, contact the following  
Governance & Scrutiny Officer: Governance & Scrutiny



This agenda was issued on Tuesday 17 November on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Churchgate House, 56 Oxford Street, Manchester M1 6EU

<b>BOLTON</b>	<b>MANCHESTER</b>	<b>ROCHDALE</b>	<b>STOCKPORT</b>	<b>TRAFFORD</b>
<b>BURY</b>	<b>OLDHAM</b>	<b>SALFORD</b>	<b>TAMESIDE</b>	<b>WIGAN</b>

Please note that this meeting will be livestreamed via [www.greatermanchester-ca.gov.uk](http://www.greatermanchester-ca.gov.uk), please speak to a Governance Officer before the meeting should you not wish to consent to being included in this recording.

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Date: 20<sup>th</sup> November 2020

Subject: Audit of 2019/20 Statement of Accounts – Progress Update

Report of: Steve Wilson, GMCA Treasurer

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## PURPOSE OF REPORT

This report is to provide an update on the timing of the 2019/20 Statement of Accounts audit and a summary with progress of work done to date.

## RECOMMENDATIONS:

Audit Committee members are requested to note the position on the progress with the audit and that a further Audit Committee will be scheduled for December for the Committee to review and approve the final audited version of the Statement of Accounts.

## CONTACT OFFICERS:

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## BACKGROUND PAPERS:

Unaudited Draft Statement of Accounts 2019/20, Audit Committee 8<sup>th</sup> September 2020

TRACKING/PROCESS	[All sections to be completed]
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Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
GM Transport Committee	Overview & Scrutiny Committee	

## **Audit of 2019/20 Statement of Accounts – Progress Update**

### **1. INTRODUCTION**

- 1.1 This report is to provide an update on the timing of the 2019/20 Statement of Accounts audit and a summary with progress of work done to date.

### **2. BACKGROUND**

- 2.1 On 3 April 2020 the Ministry of Housing, Communities and Local Government (MHCLG) wrote to Local Authorities confirming details of changes made to the *Accounts and Audit Regulations 2015* as a result of the Coronavirus (COVID-19) pandemic. Having considered the increasing impact that coronavirus is having MHCLG extended the statutory deadlines for local authorities to approve and publish their accounts for the 2019/20 financial year. The revised deadlines applicable to local authorities are as follows:

- Approve Draft Accounts by 31 August 2020 (previously 31 May);
- Public Inspection Period to start on or before first working day of September 2020 (previously included first 10 working days of June);
- Publish Final Audited Accounts by 30 November 2020 (previously 31 July).

- 2.2 The GMCA unaudited accounts were certified by the Treasurer and published on the Authority's website on the 28th August and passed to Mazars for the external audit process to commence the audit process and presented to Audit Committee on 8<sup>th</sup> September. The audited accounts together with the external audit report was planned to be approved by the Audit Committee meeting on 20th November 2020 in order to meeting the deadline for publication of final audited accounts of 30<sup>th</sup> November 2020.

### **3. PROGRESS UPDATE WITH THE AUDIT OF 2019/20 ACCOUNTS**

- 3.1 Mazars, the external auditors, are undertaking a full and detailed examination of the draft accounts and once complete will report their findings to the Audit Committee in order for the audited accounts to be approved.
- 3.2 Whilst the audit of the accounts is progressing as planned, there is a significant issue that has arisen in relation to the valuation of waste assets that will unfortunately delay the completion of the audit to December.
- 3.3 For the 2019/20 accounts waste disposal assets have been valued using the same external valuers as in previous years, however this year Mazars has commissioned an independent valuation of these assets from another company. The external valuer commissioned by Mazars has determined the value of Property, Plant and Equipment (PPE) to be materially different from that determined by GMCA's external valuation. This relates to the rental value of buildings, market value of land and methodology for determining the value of assets. Work is ongoing with the professional valuers to determine the fair value of assets.

Changes to the draft accounts for 2019/20 will also require a re-statement of the PPE asset values in the balance sheet for 2018/19.

- 3.4 In addition to the issue regarding waste valuation there is also further work required to confirm the appropriate treatment of Police assets. This relates to IMT assets currently treated as intangible in the draft accounts. Further analysis is required to confirm the appropriateness of this treatment and whether the adjustment of previous year's statements might be required.
- 3.6 Whilst the issues identified are material and may require adjustment it is important to understand that neither of these issues affect the financial performance of the combined authority in 2019/20 and they do not have any impact on the ongoing financial sustainability of the authority.
- 3.7 It is important however, that these areas are treated appropriately in the accounts, and unfortunately as the issues are related to previous years the actions required to correct the misstatements are complex and will themselves require a review by the external audit team. Given the work still required to complete this process it will not be possible to make and audit the changes before the deadline for submission of the accounts.

#### **4. CONCLUSION**

- 4.1 Whilst there are no direct implications to this delay for the authority, all measures will be taken to minimize the delay on publication of the accounts. An Audit Committee will be scheduled for late December for the Committee to review and approve the final audited version of the Statement of Accounts.