

## GREATER MANCHESTER AUDIT COMMITTEE 2021/22

**DATE:** Thursday, 30th September, 2021

**TIME:** 10.00 am

**VENUE:** Manchester City Council , Council Chamber, Level 3 ,  
Town Hall Extension, M60 2LA

### SUPPLEMENTAL AGENDA

**6. ANNUAL GOVERNANCE STATEMENT**

Report of the GMCA Monitoring Officer and GMCA Treasurer

**7. 2020/2021 STATEMENT OF AUDITED ACCOUNTS**

Report of the GMCA Treasurer

**8. ANNUAL AUDIT LETTER - Deferred**

This item has been deferred to the next meeting of the Audit Committee.

**9. EXTERNAL AUDITORS PROGRESS REPORT**

Report of Mazars, External Auditors

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 Senior Governance Officer: Paul Harris, GMCA Governance & Scrutiny  
✉ [paul.harris@greatermanchester-ca.gov.uk](mailto:paul.harris@greatermanchester-ca.gov.uk)

This supplemental agenda was issued on Tuesday 28 September 2021, on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst 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>

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**GMCA AUDIT COMMITTEE**

Date: 30 September 2021

Subject: GMCA – 2020/21 Annual Governance Statement

Report of: Liz Treacy, GMCA Monitoring Officer and Steve Wilson, GMCA  
Treasurer

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**PURPOSE OF REPORT**

To provide the Committee with the GMCA 2020/2021 Annual Governance Statement (AGS), attached at Appendix A, to accompany the GMCA Statement of Accounts.

The draft AGS was considered and endorsed, pending minor amendments, by the Audit Committee at its meeting on 27 August 2021 (Item AC 34/21).

**RECOMMENDATIONS:**

The Audit Committee is requested to:

Approve the GMCA 2020/21 Annual Governance Statement which is to be signed by the Mayor and the Chief Executive of the GMCA and published with the GMCA's Statement of Accounts for 2020/21.

**CONTACT OFFICERS:**

**Liz Treacy, Monitoring Officer, GMCA,**  
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**Steve Wilson, Treasurer to GMCA,**  
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**Gwynne Williams, Deputy Monitoring Officer, GMCA,**  
[williamsg@manchesterfire.gov.uk](mailto:williamsg@manchesterfire.gov.uk)

**Equalities Implications:** N/A

**Climate Change Impact Assessment and Mitigation Measures:** N/A

**Risk Management** – The AGS forms part of GMCA’s risk management arrangements.

**Legal Considerations** – Legal requirements are referred to throughout the AGS.

**Financial Consequences – Revenue** – There are no specific revenue considerations contained within the report.

**Financial Consequences – Capital** – There are no specific capital considerations contained within the report.

Number of attachments included in the report: One (Annual Governance Statement)

**BACKGROUND PAPERS:** GMCA Constitution – [FinalConstitution2020formattedHyperlinksAdded.docx.pdf \(greatermanchester-ca.gov.uk\)](#)

<b>TRACKING/PROCESS</b>		
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
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

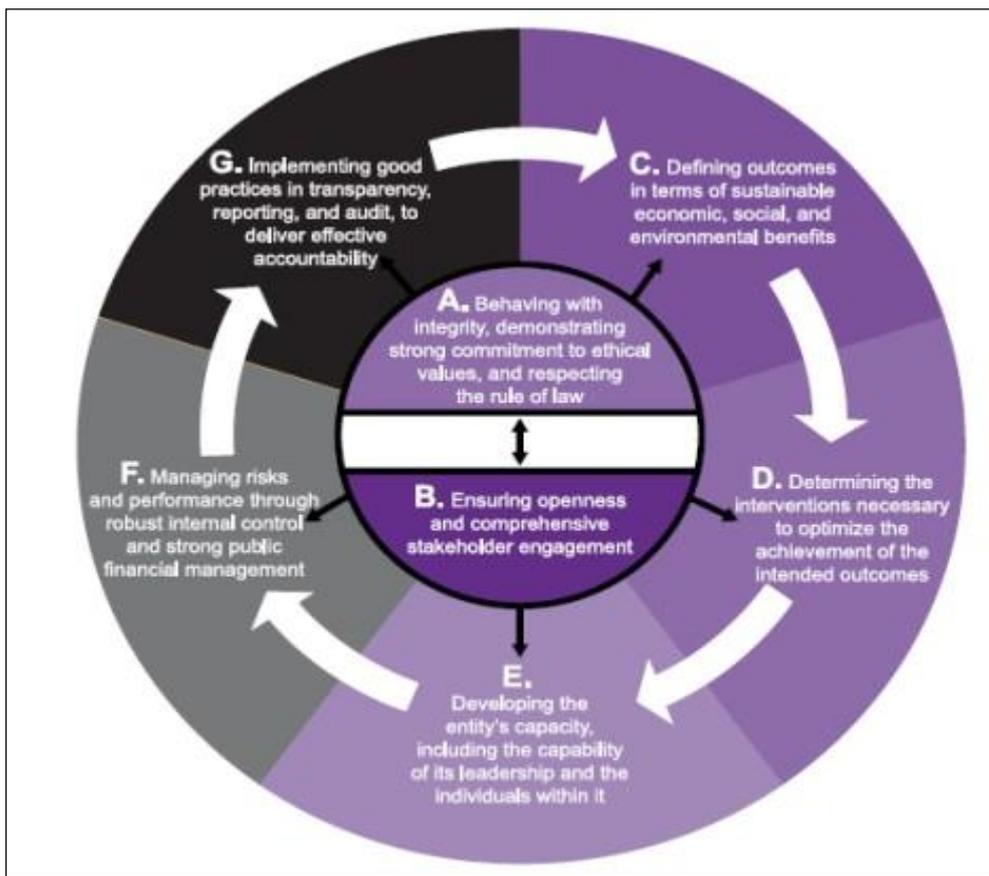
**ANNUAL GOVERNANCE STATEMENT 2020-21**

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  2. GMCA Legislative, Strategic and Policy Context
  3. Legislative Arrangements during Covid-19 Pandemic
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  6. Governance Review Activity 2020/2021
  7. Progress in Addressing the Challenges Identified in the 2019/2020 Annual Governance Statement
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  9. Summary
- Appendix - CIPFA SOLACE – Good Governance Principles

## INTRODUCTION

1.1 The Annual Governance Statement sets out how the Greater Manchester Combined Authority (GMCA) meets its governance standards detailed in the [Code of Corporate Governance](#). It also describes how it meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement to accompany the Annual Accounts. It is a document which looks back retrospectively over the past year and identifies where the GMCA has demonstrated good governance and looks forward as to areas where focus should be given in relation to governance over the coming year. The GMCA's corporate governance framework is structured around the seven good governance principles set out in the 2016 CIPFA guidance (see fig.1):



**Fig.1 Seven Principles of Good Governance**

## LEGISLATIVE, STRATEGIC AND POLICY CONTEXT

2.1 The GMCA was established on 1 April 2011 by the Greater Manchester Combined Authority Order 2011 and comprised of ten members, being the Leaders of the constituent councils. The GM Mayor was re-elected on 10<sup>th</sup> May 2021 and will remain in office until May 2024. The Mayor is the chair and 11<sup>th</sup> member of the GMCA. The Mayor also appoints the Deputy Mayor for Policing and Crime who has substantial delegated authority covering policing and crime. All members have clear portfolio responsibilities as listed below:

<b>Member</b>	<b>Representing</b>	<b>Portfolio Responsibility</b>
Mayor Andy Burnham	GM Mayor	Policy & Reform, Transport
Baroness Beverley Hughes	Deputy Mayor	Safe & Strong Communities (Police and Fire)
Cllr David Greenhalgh	Bolton	Culture
Cllr Eamonn O'Brien	Bury	Young People & Cohesion
Sir Richard Leese	Manchester	Healthy Lives & Quality Care
Cllr Arooj Shah	Oldham	Community, Co-operatives & Inclusion
Cllr Neil Emmott	Rochdale	Green City Region
Mayor Paul Dennett	Salford	Housing, Homelessness & Infrastructure
Cllr Elise Wilson	Stockport	Economy & Business
Cllr Brenda Warrington	Tameside	Equalities
Cllr Andrew Western	Trafford	Digital, Clean Air, Education, Skills, Work & Apprenticeships
Cllr David Molyneux	Wigan	Resources & Investment

2.2 Each GMCA member appointed by a constituent council may appoint an elected member of another constituent council to act as an assistant portfolio

holder whose duties will be to provide support and assistance to the GMCA member in the carrying out of that member's duties in respect of the portfolio responsibilities allocated by the Mayor. Portfolio Assistants also have the right to attend meetings of the GMCA and speak but they have no voting rights.

This is set out in the constitution.

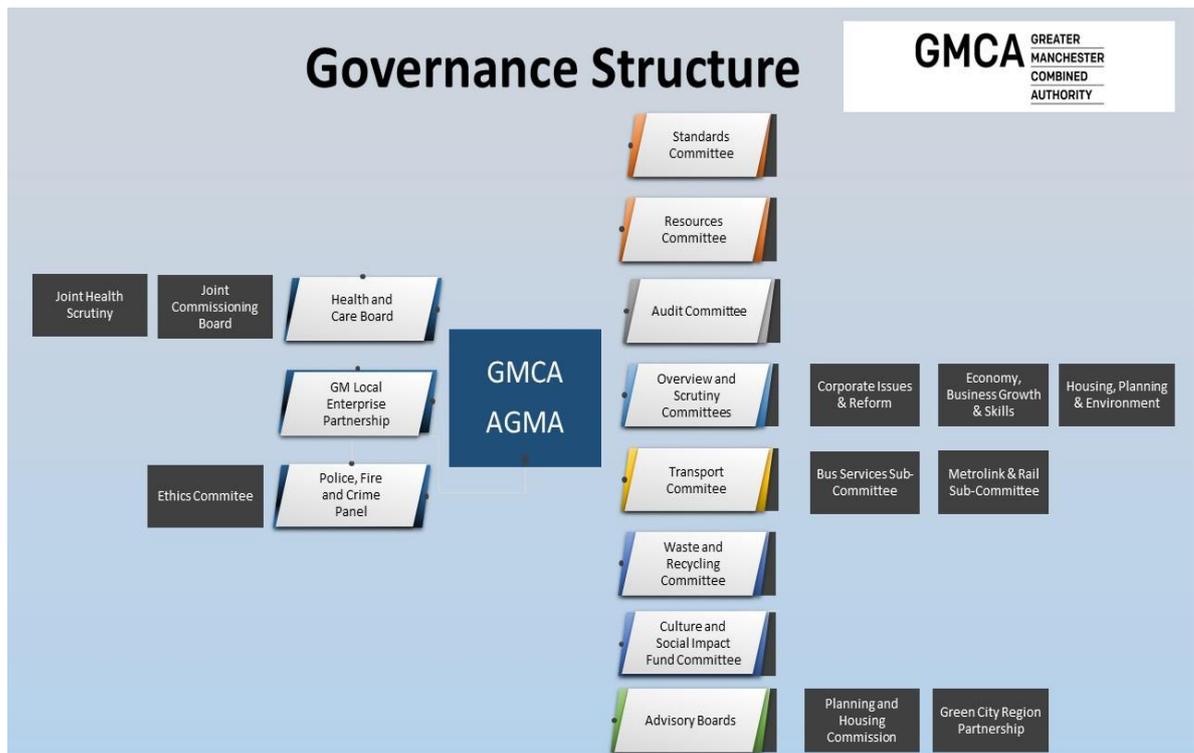
2.3 On public service issues the GMCA members and the Mayor each have one vote, and generally questions are decided by a majority vote. Questions on matters requiring a vote of more than a simple majority are set out in the 2011 Order. The Mayor is required to consult members of the GMCA on his strategies. The GMCA also examines the Mayor's (non-Police and Crime) spending plans and is able to amend those plans if two-thirds of members agree to do so.

2.4 The GM Local Enterprise Partnership (LEP) is a private sector-led voluntary partnership, with a core function to provide strategic leadership and private sector insight (alongside the GMCA) to help deliver the city region's growth ambitions. The GM LEP jointly owns (along with the GMCA and voluntary sector) the Greater Manchester Strategy (GMS) and is responsible for providing strategic direction to ensure that the strategy is successfully delivered.

2.5 The GMCA and the Constituent Councils are members of the Association of Greater Manchester Authorities (AGMA). They have entered into joint arrangements, including an Operating Agreement, and the establishment of a joint committee called the AGMA Executive Board, which oversees the work and strategic direction of AGMA, leads on policy, and has delegated decision-making powers from the 10 Greater Manchester councils. AGMA has the same membership at the GMCA.

2.6 A range of statutory and non-statutory member-led committees and boards sit below the GMCA and LEP, with responsibility for overseeing work in relation to the various portfolios. The three Overview and Scrutiny Committees each have 15 members and responsibility for Corporate Issues and Reform;

Economy, Business Growth and Skills; and Housing, Planning and Environment. The GMCA Audit Committee, as a statutory body, plays a key role in overseeing risk management; governance systems and financial management. The GM Transport Committee oversees the travel services provided by Transport for Greater Manchester (TfGM).



**Fig.2 Governance Structure**

## **LEGISLATIVE ARRANGEMENTS DURING COVID-19 PANDEMIC**

3.1 Within the UK, a disaster response system exists, underpinned by the Civil Contingencies Act 2004. The system helps to support the coherent and integrated emergency response and recovery between national and local levels. At a local level, the backbone of this system is partnership working through a Strategic Coordinating Group and its associated structures, together with a Recovery Coordinating Group and appropriate sub-groups. These, in turn, are recognised and supported by MHCLG and other Government Departments, assisting a two-way dialogue in the emergency that is additional to more normal day-to-day arrangements.

3.2 Although GM is well practised in working in this way across a wide range of emergencies, the current Covid-19 emergency has a range of specific characteristics that has required GM to keep the emergency structures under review and to ensure that they link across into established governance and decision-making arrangements. The emergency structures are designed to support and not replace local 'business-as-usual' systems.

3.3 Contrary to the majority of emergencies experienced since the introduction of the current UK framework, the Covid-19 emergency required a whole system response, affecting the whole of society and requiring sustained effort over at least the next year based on current projections. Work is underway to review transition into a longer-term recovery, and there may be a need for recurrent response activity during the recovery period. Therefore, it is likely to require flexibility in future structures and approaches to facilitate the reinstatement of business as usual as Government legislation and regulations change and the UK moves to a new normality.

3.4 In response to the Covid-19 emergency, GM had established a multi-agency response structures that dovetailed with the national emergency response framework, whilst also being adapted to address local need. A C19 Executive Group, co-chaired by the Chief Constable of GMP and the Chief Executive of GMCA, has been sitting since early March 2020 with districts strongly engaged through Chief Executive portfolio leads and a local authority Chief Officers Group. A GM Strategic Coordinating Group (SCG) chaired by the Assistant Chief Constable, supports the C19 Executive and had in turn, established a number of thematic sub-groups, emergency operation cells and sector coordination groups. In line with UK doctrine, a Recovery Coordinating Group (RCG) was set up in the early stages of the response and has been running in parallel with the C19 Executive. The C19 Executive and RCG work closely together, with the Chair of the RCG sitting on the C19 Executive.

3.5 The structures have worked well over the last year and continue to meet. Recently the SCG has reviewed its arrangements with a view to stepping

down into recovery in step with the national roadmap. Part of this will look to how we can retain the benefits gained from collaborative working between stakeholders across GM as well as integrating the work into core business. However at the current time GM structures remain in response phase.

3.6 With regard to GMCA decision making during the Covid-19 Emergency, the GMCA Constitution gives delegated authority to the Head of Paid Service, to take any action which is required as a matter of urgency in the interests of the GMCA, in consultation (where practicable) with the Chair of the GMCA. These decisions have been published in accordance with usual practice.

3.7 The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 came into effect on the 4 April 2020. These Regulations remove the requirement for local authorities to only hold meetings in person, make provision for members of local authorities to attend meetings remotely and for public and press access to these meetings.

3.8 Following the development of a technical solution and the required procedures and protocols, virtual meetings of the GMCA and its committees have been held. The regulations applied to local authority meetings held before 7th May 2021.

3.9 The regulations in 3.7 above expired on 7<sup>th</sup> May 2021 which has required a move back to in person meetings for the GMCA and its formal committees. The in-person meeting requirements still have to comply with Covid safety requirements meaning work has been undertaken to ensure appropriate venues are used, enabling members to participate in meetings safely and for members of the public to attend in they so wish. GMCA meetings and committee meetings are still livestreamed live to enable access to members of the public and to assist with transparency.

## **HMICFRS INSPECTION OF GREATER MANCHESTER POLICE – DECEMBER 2020**

- 4.1 In December 2020 HMICFRS published 'An inspection of the service provided to Victims of crime by Greater Manchester Police (GMP)'. The focus of this assessment was to understand the experience of the victim; this is known as a Victim Service Assessment. The report highlighted a number of causes for concern and made a number of recommendations for Greater Manchester Police with specific timeframes for completion. The force, in response to these recommendations initiated a comprehensive action plan to support and intensify ongoing activity. The action plan had specific focus on the immediate recommendations, recommendations to be completed within three months and recommendations to be completed within six months.
- 4.2 The appointment of the new Chief Constable, Stephen Watson, in May 2021 was a critical step in responding to the issues outlined by HMICFRS and also in responding to the findings of the independent review of structures, culture, practices, and processes that was commissioned on behalf of the Mayor and the Deputy Mayor.
- 4.3 The Chief Constable has developed an GMP Implementation Plan which was presented to GMCA on 10 September 2021. This aims to make significant improvements to GMP. In the meantime, progress against the recommendations from the HMICFRS inspection continues to be monitored via the GMP Gold Group established to respond to the inspection results. This group is chaired by the Deputy Chief Constable and is attended by representatives from the Home Office and Mayor's office. The force has also been engaged as part of the Police Performance Oversight Group process, which will bring further scrutiny and support from across policing.

### **SCOPE OF RESPONSIBILITY**

- 5.1 The GMCA's Code of Corporate Governance sets out how the GMCA operates, how decisions are made and the procedures that are followed to

ensure that these are efficient, transparent and accountable to local people. The Code of Corporate Governance can be found in Part 7 (Section E) of the [GMCA Constitution](#).<sup>1</sup>

5.2 The Annual Governance Statement demonstrates how the GMCA is delivering its services in the right way in a timely, inclusive and accountable manner and will be certified by the GMCA Chief Executive and the Mayor, after consideration of the draft by the GMCA Audit Committee. GMCA's external auditor reviews the Annual Governance Statement as part of the assessment of their value for money responsibilities.

5.3 The GMCA's governance framework comprises the legislative requirements, principles, management systems and processes – including the GMCA's Constitution, Operating Agreement and Protocols – and cultures and values through which the Authority exercises its leadership, fulfils its functions, and by which it is held accountable for its decisions and activities.

5.4 The following sections of this document describe how the GMCA fulfils the requirements set out in the seven principles of good governance.

## **GOVERNANCE REVIEW ACTIVITY 2020/21**

### **GMCA Audit Committee and GM Joint Audit Panel**

6.1 The GMCA Audit Committee is responsible for overseeing the effective operation of the systems of governance including risk management, internal control, and treasury management. It is a legal requirement for the GMCA to have an Audit Committee as this also ensures a high standard of openness and transparency. The Committee met five times during 2020/21 and discussed a range of matters including the Risk Strategy & Register, the Treasury Management Strategy Statement & Activities and the Statement of

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<sup>1</sup> <https://www.greatermanchester-ca.gov.uk/who-we-are/accounts-transparency-and-governance/>

Accounts for the GMCA and associate bodies – additionally, the Committee also receives and consider the findings of both internal and external audit.

6.2 The GMCA Audit Committee oversees all aspects of GMCA including Mayoral functions. In line with the Home Office Financial Management Code of Practice. The Mayor has also established a Greater Manchester Joint Audit Panel which oversees the control environment of the Chief Constable and the GMCA (Police and Crime) functions, performing the functionality of an Audit Committee. The Panel assists the Mayor in discharging his statutory responsibilities to hold the Chief Constable to account and to help deliver an effective policing service. To minimise duplication and bureaucracy and to maximise value for money shared internal audit arrangements are in place to support the Mayor and the Chief Constable. The GMCA Audit Committee receives the minutes of the Audit Panel as part of its agenda and receives the annual report of the Chair of the Joint Audit Panel.

### **Head of Audit and Assurance Annual Opinion 2020/21**

6.3 Based on the work undertaken by Internal Audit in respect of 2020/21 the opinion of the Head of Internal Audit is that limited assurance is provided on the overall adequacy and effectiveness of GMCA's framework of governance, risk management and internal control. This opinion is based upon the findings of the audit work undertaken during the year. The opinions issued generally provided assurance over the operation of internal controls within the activities being audited. The opinion is reflective of the fact that as GMCA is still a relatively new organisation, some of the wider governance and organisational risk management arrangements yet to develop to a mature and consistent state. It should be noted however that GMFRS, does have mature risk management arrangements and all audits undertaken on GMFRS activities provided a reasonable level of assurance.

### **Annual Review of the System of Internal Audit 2020/21**

6.4 An assessment of the effectiveness of the Internal Audit Function has been undertaken by the Head of Audit and Assurance and considered and endorsed by the Audit Committee. That assessment concluded that the work that was performed in 2020/21 was in conformance with PSIAS.

A Quality Assurance and Improvement Programme has been implemented within the Internal Audit Team and an Internal Audit Effectiveness Plan for 2021/22 developed as a result of the assessment, which will assist in the monitoring and evaluation of the effectiveness of the team moving forwards.

The GMCA Audit Committee reviewed the assessment at its meeting on 27 April 2021 and endorsed the actions proposed to ensure ongoing effectiveness and quality of the GMCA Internal Audit service.

An External Quality Assessment (EQA) of the Internal Audit Service will be undertaken in 2021/22 with the findings of that reported to the Audit Committee, any resulting recommendations will be included within the Internal Audit Effectiveness Plan.

#### **GMCA Standards Committee**

6.5 The GMCA has a Standards Committee to deal with matters of conduct and ethical standards regarding members of the Greater Manchester Combined Authority and its committees should they arise. It also provides a reviewing function for key policies in relation to the behaviour and actions of elected members whilst serving in their Greater Manchester capacities. The Committee has considered whistleblowing, anti-fraud & anti-piracy policies, reviewed the GMCA Members Code of Conduct, and looked at fraud in the age of Covid-19 at their meetings this year.

**PROGRESS IN ADDRESSING THE CHALLENGES IDENTIFIED IN THE 2019/20 ANNUAL GOVERNANCE STATEMENT**

<b>Action Identified in 2019/20</b>	<b>Progress Made</b>
<p>That the revised Whistleblowing Policy and Procedure be agreed and finalised; and that awareness of the policy and how to access it be embedded throughout the organisation</p>	<p>The revised Whistleblowing Policy was agreed by the Standards Committee in November 2020 – and immediately incorporated into the Inside GMCA Whistleblowing page for all staff to access.</p> <p>The Whistleblowing Policy is accessible through the Key Information hub which is linked on the home page of GMCA Intranet.</p>
<p>The revised Complaints Procedure to be developed, produced and published; and that awareness of the procedure and how to access it be embedded throughout the organisation.</p>	<p>The revised Complaints Procedure was agreed by the Standards Committee in November 2020.</p> <p>The Complaints Procedure is accessible through the Key Information hub which is linked on the home page of GMCA Intranet.</p>
<p>Following the introduction of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 – ensure</p>	<p>Following the introduction of the regulations – the GMCA Governance Team secured use of the Microsoft Teams ‘Live Events’ portal to allow for all public facing meetings to be broadcast live to the</p>

<p>that transparency of decision-making is maintained, and that online tools for meetings are made as accessible to all as possible.</p>	<p>public via the GMCA website and made clear and accessible through a link at the top of each relevant meeting page.</p> <p>The meetings were also recorded and then subsequently uploaded to the website – allowing them to be viewed back in full at any time for full transparency.</p>
<p>That the organisational challenges raised in terms of new working environments/ways of working continue to be subject to ongoing review throughout the pandemic period.</p>	<p>A task group led by the Monitoring Officer Resetting the Way We Work Group was established in summer 2020, membership drawn from across the CA plus TU &amp; Health &amp; Safety reps has met frequently to oversee arrangements for a Covid safe working environment both in the office and at home. The Group reports to the Chief Executives Management Team.</p> <p>During 2021 the work continues to develop a new hybrid operational working model for the organisation ensuring the safety of staff working arrangements and delivery of the business. This work is ongoing with a new model due to be in place by September 2021.</p>

<p>GMFRS to ensure that the progress against the areas identified for improvement is completed as part of the Service Improvement Programme ahead of HMICFRS re-inspection in late 2021.</p>	<p>Effective progress has been made on the internal improvement action plan, with the majority of actions now completed, in particular those relating to Cause of Concerns. Outstanding actions have been reviewed and linked to priority change projects detailed within the Annual Delivery Plan and Directorate Action Plans, and progress will be monitored through the internal governance framework.</p> <p>A self-assessment on our progress has been provided to HMICFRS, ahead of our second inspection, which commenced on 7th June 2021. The inspection activities will take place over six weeks, concluding with a hot de-brief on 19th July. The findings report is expected to be published towards the end of Q3 2021.</p>
<p>That the ongoing integration of resources between TfGM and the CA continues to develop – including the development and introduction of relevant GM Transport Sub-Committees.</p>	<p>2020 saw the successful introduction of the Bus Services and the Metrolink &amp; Rail Transport Sub-Committees, each chaired by the Vice-Chairs of the Transport Committee and with membership drawn from the Transport Committee.</p>

	<p>This has allowed for regular in-depth and detailed scrutiny of the specifics of each area.</p>
<p>That Member status be achieved on the GM Good Employment Charter through excellent employment practices</p>	<p>Member status of the GM Good Employment Charter was conferred upon The Greater Manchester Combined Authority in the December 2020 tranche of announcements, having been able to clearly demonstrate excellence in the required key characteristics of employment practice.</p>
<p>Following the launching of a health and wellbeing area on the CA intranet. Ensure that knowledge of the area is embedded throughout the organisation</p>	<p>The redevelopment and expansion of the internal Health and Wellbeing area had taken place in response to Covid-19. It forms a hub of relevant resources and is accessible through HROD on the home page of the intranet.</p> <p>Staff are regularly reminded of its availability and it is regularly referenced in weekly video updates to staff from the Chief Executive and Senior Management colleagues.</p> <p>People Services have also established Health and Wellbeing workshops for managers and those</p>

	<p>wanting to develop. The workshops focussed on introducing Wellness Action Plans and Stress Risk Assessments, their benefits to individuals and line managers, as well as how to conduct the Stress Risk Assessment.</p>
<p>Establishment of a GMCA-wide risk management framework to embed consistent risk management policy and practice throughout the organisation, at an operational and strategic risk level. The Head of Audit and Assurance will take responsibility for development and implementation of the framework</p>	<p>The GMCA Risk Management Framework has been developed and approved. It is in the process of being rolled out and embedded across GMCA. The Corporate Risk Register has been refreshed in line with the new Framework and Directorate risk workshops will take place in Q1/Q2 2021/22 to develop operational risk registers.</p>
<p>Continued monitoring of the implementation of external audit actions through the new audit action tracking process being implemented by Internal Audit in 2020/21.</p>	<p>Internal Audit will work with external audit to coordinate follow up work on follow up of recommendations raised as part of the external audit.</p>

## AREAS FOR FOCUS IN 2021/22

<b>Good Governance Principle</b>	<b>Action</b>	<b>Lead(s)/GMCA Officer Lead</b>
B. Ensuring Openness and Comprehensive Stakeholder Engagement	Following the agreement of the Greater Manchester Franchising Scheme for Buses 2021 – ensure that appropriately robust governance oversight is in place throughout the transition process.	Deputy Monitoring Officer  <i>Monitoring Officer</i>
E. Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It	The establishment of new ways of working in the post-Covid environment. Resetting the way we work as an organisation to ensure that hybrid ways of working are adaptable to the needs of all staff within the organisation.	Assistant Director of Governance & Scrutiny  <i>Monitoring Officer</i>
F. Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management	Robust arrangements to put in place to monitor delivery, performance and risk – ensuring the successful delivery of the Greater Manchester Strategy	Assistant Director of Governance & Scrutiny  <i>Monitoring Officer</i>
F. Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management	Implementation of the CIPFA Financial Management Code of Practice by: <ul style="list-style-type: none"> <li>• Undertaking full self-assessment against the code to identify areas for improvement.</li> <li>• Reviewing the constitution to ensure right governance in place.</li> <li>• Assess links to Capital Strategy and Prudential Code.</li> <li>• Implementing greater transparency of financial reporting to scrutiny committee.</li> </ul>	GMCA Treasurer

	<ul style="list-style-type: none"> <li>• Review of business processes and management accountability.</li> <li>• External comparisons to identify areas to review.</li> <li>• Determining the approach to longer term strategy to manage resources, reserves, and risk.</li> <li>• Reflecting the code in update to AGS.</li> </ul>	
G. Implementing good practices in transparency, reporting and audit to delivery effective accountability.	Development of a protocol to improve the consistency and transparency of arrangements for Mayoral Advisors.	Deputy Chief Executive

## SUMMARY

9.1 The GMCA has demonstrated an ongoing commitment to best practice and good corporate governance within the principles of the framework, demonstrated by a pro-active adoption of this framework and delivery of improvements suggested in the Annual Governance Statement 2019/20.

9.2 As the organisation moves forward in 2021, the Greater Manchester Strategy will be refreshed and finalised by September 2021. The refreshed Strategy will incorporate the objectives and actions from the Living with Covid 1 year Plan and also the Mayoral Manifesto commitments – in particular relating to Transport. There will be a strong focus on delivery with robust arrangements put in place to monitor delivery, performance and risk. These arrangements are being developed and will be in place alongside the refreshed Strategy in September 2021. there will be a continued focus on ensuring the effective delivery of the GMS priorities through strong governance arrangements, which are designed to support this delivery.

Signed by.....

Signed by.....

Andy Burnham, Mayor of Greater Manchester and Eamonn Boylan, Chief Executive on behalf of Members and Senior Officers of Greater Manchester Combined Authority.

Date.....

**Glossary of terms**

GMCA	Greater Manchester Combined Authority
GMS	Greater Manchester Strategy
GMP	Greater Manchester Police
LEP	Local Enterprise Partnership
GMFRA	GM Fire and Rescue Authority
GMFRS	GM Fire and Rescue Service
GMWDA	Greater Manchester Waste Disposal Authority
AGMA	Association of Greater Manchester Authorities
PfC	GMFRS Programme for Change
SIP	GMCA Service Review and Integration Programme
SMT	The Senior Management Team
ELT	Extended Leadership Team

## **Appendix – CIPFA SOLACE – Good Governance Principles**

### **A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW**

The GMCA reviewed and updated its Constitution during 2021, and was agreed by the CA in June 2021, to ensure it remains relevant and appropriate. The Constitution incorporates an Operating Agreement between the GMCA and the ten Constituent Councils, which governs the exercise of concurrent functions.

The GMCA Standards Committee meets twice annually and deals with matters of conduct and ethical standards of GMCA Members.

A Code of Conduct for Officers and for Members form part of the GMCA Constitution. The Code of Conduct for Members is reviewed annually by the Standards Committee, most recently in November 2020. The GMCA Standards Committee has the ability to undertake a review should any member of the GMCA or its committees fail to adhere to the Code. Each member receives an annual reminder of their duties under the Code.

A Whistleblowing Policy and Procedure is in place, last reviewed and updated in November 2020, a revised draft was presented to Standards Committee in line with the review period in March 2020. Information on how to report concerns are easily located on both the external facing website and the staff intranet. An Anti-Fraud and Corruption Policy forms part of the Constitution.

The Complaints Procedure was updated in November 2020 to ensure that it remains fit for purpose going forward. Information on how to submit complaints, the process, and relevant FAQs are provided on the external website.

Declarations of Interest is a standard agenda item on all GMCA meetings, minutes of which are published on the external website, and members are asked to complete a register of their personal and pecuniary interests on an annual basis. These are uploaded to each councillor's individual portfolio via the GMCA's governance portal and are also viewable on the website.

A Greater Manchester [Independent Ethics Committee](#) is now fully established in order to help build trust and public confidence in policing. The Committee advises the Deputy Mayor for Policing and Crime, and Greater Manchester Police on the complex dilemmas that policing faces in the modern world. The committee has been given a wide remit, with GMP pledging to give access to the service's systems and people. When established, it was the first of its type in the country. The committee decides which issues it wants to consider, as well as having issues referred in by both GMP and the Deputy Mayor. Members of the public can raise issues with the committee - but it does not consider individual complaints about police. The committee considers both broad thematic issues - such as discrimination, safe drug use, and surveillance - and practical day-to-day issues, such as the use of body-worn cameras by police officers.

'Role of the Monitoring Officer' is a statutory role under section 5 of the Local Government and Housing Act 1989. The Monitoring Officer is to report on matters they believe are, or are likely to be, illegal or amount to maladministration; to be responsible for matters relating to the conduct of members; and to be responsible for the operation of the Constitution.

## B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Meetings of the GMCA and its committees are live-streamed and retained for later viewing by all members of the public via the GMCA's YouTube channel/Public-I portal. GMCA Committee agendas, reports, and minutes are published on the GMCA website. Inspection Copies of papers for each meeting are kept in reception at the GMCA's offices at Churchgate House.

The GMCA website includes publication of all Key Decisions, Officer and Mayoral Decisions, and Forthcoming Decisions. Reports for GMCA Committees are released into the public domain unless specifically excluded for items that are private and confidential; such reports must be marked Part B, and justification for keeping a decision confidential must be provided.

The GMCA is committed to ensuring that public meetings are DDA compliant, and all venues have now been confirmed as compliant – this includes the use of hearing loops and the ability to produce agenda papers in alternative formats if requested.

The GMCA runs a Consultation Hub website to ensure that local residents are able to actively engage with decisions and projects. Recent consultations included topics such as the Homelessness Prevention Strategy, the Gender-Based Violence Strategy, and Active Travel Fund Schemes, among others.

The GMCA is founded on a long-term relationship between local authorities through the previous arrangements under the Association of Greater Manchester Authorities. The GM Health and Social Care Partnership Board brings together over 70 health service providers and through its unique relationship has secured devolution of health and social care budgets. In addition, the GMCA maintains formal and informal partnerships through committees such as the Transport Committee; Planning and Housing Commission; Police, Fire and Crime Panel; GM

Culture and Social Impact Fund Committee; GM Green City Region Partnership; and the GM Local Enterprise Board.

The GM VCSE Accord ensures that there is a shared commitment and close partnership working with Greater Manchester's 16,000 VCSE organisations.

Community engagement events regularly take place (including the GM Youth Combined Authority; the Mayor's Disabled Peoples Panel; LGBTQ+ Panel; and the Faith, Race & Women's Panel). Regular feedback mechanisms are offered through the proactive use of social media platforms and the supporting of surveys such as the 'GM Big Disability Survey' – which provided important insight into the issues faced by disabled people across GM during the Covid-19 pandemic.

Areas for Focus in 2021/22:

- Following the agreement of the Greater Manchester Franchising Scheme for Buses 2021 – ensure that appropriately robust governance oversight is in place throughout the transition process.

### C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

The coronavirus pandemic has highlighted more than ever the importance of securing Greater Manchester's long-term ambition to create a green and prosperous city-region. The Clean Air Plan, Spatial Framework and Minimum Licensing Standards plans form part of this vision, looking to offer a better quality of life for everyone living and working in the city-region.

The GM Strategy and Implementation Plan have been agreed as the overarching Strategy for all GM work. Performance against the Strategy's priorities and performance is reported to three Overview and Scrutiny Committees on a 6-monthly basis. The GM Strategy and information graphics used in the GM performance report describe the anticipated impacts of the delivery of the GM Strategy.

The GMCA Business Plan further defines GMCA's vision, objectives and outcomes in relation to economic, social and environmental developments within GM. The GMCA Business Plan and subsequent publications have been developed with stakeholders to ensure the organisational priorities and objectives are in line with shared ambitions.

As the organisation moves forward in 2021, the Greater Manchester Strategy will be refreshed and finalised by September 2021. The refreshed Strategy will incorporate the objectives and actions from the Living with Covid 1 year Plan and also the Mayoral Manifesto commitments – in particular relating to Transport. There will be a strong focus on delivery with robust arrangements put in place to monitor delivery, performance and risk. These arrangements are being developed and will be in place alongside the refreshed Strategy in September 2021. there will be a continued focus on ensuring the effective delivery of the GMS priorities through strong governance arrangements, which are designed to support this delivery.

Despite its significant detrimental impact, the pandemic has highlighted the importance of securing Greater Manchester's long-term ambition to create a green and prosperous city region. Brought together, the developing Greater Manchester Spatial Framework, Clean Air Plan and Minimum Licensing Standards provide a holistic view of the city region's economic, social and environmental ambitions, looking to offer a better quality of life for everyone living and working in the city-region. Greater Manchester's Five-Year Environment Plan sets out a further suite of actions that will support the conurbation's goal of carbon neutrality by 2038.

Capital programmes for both transport and economic development schemes are assessed using a fully rounded appraisal mechanism which includes deliverability alongside social, economic and environmental considerations.

The GMCA Social Value Policy is actively applied in commissioning and procurement activities. This Policy has been updated to reflect the revised objectives in the Greater Manchester Strategy Our People, Our Place and will support commissioners to set out their procurement and contract management requirements to maximise relevant social value, and providers to develop and submit proposals.

#### D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

The strategic, crosscutting nature of much of the GMCA's work means that delivery is often achieved through collaboration with GM partners including GMP, TfGM, the GM Health & Social Care Partnership and GM Councils.

A strong evidence base is developed to underpin all decisions of the GMCA, including a robust evaluation of service delivery. One example of this is the devolved Working Well: Work and Health Programme, which helped approximately one in five of its clients into a job and the principles of which are now being used in nationally commissioned programmes.

Internal and external stakeholders are engaged through consultation on key strategies and plans – for instance the GM Strategy, Culture Strategy, and the GM Spatial Framework – to help determine how services and other courses of action are planned and delivered. The Our Pass concessionary scheme for young people which successfully launched in September 2019 was developed with the GM Youth Combined Authority, whilst the GM Good Employment Charter which launched in January 2020 was co-designed with employers, trade unions, professional bodies and academics.

To ensure robust planning that covers strategy, plans, priorities and targets, the GMCA operates a Budget Timetable including peer scrutiny from Leaders and Treasurers on each of the GMCA budgets.

The GMCA seeks to achieve 'social value' through service planning and commissioning. A Procurement Strategy is part of the GMCA Constitution, and this is supported by a GMCA Social Value in Procurement Policy. The GM Procurement Hub offers a centralised procurement service that can support joint commissioning across GM organisations. A recent example of this could be seen in the securing of a world-class digital infrastructure, in which GMCA have appointed Virgin Media Business to deliver up to 2,700km of new fibre-optic

broadband infrastructure across the region, allowing businesses and residents across the region to benefit from next generation connectivity – supporting economic growth and jobs.

An updated social value policy has been developed, with closer links to the Greater Manchester Strategy. The new policy will ensure social value plays a key role in the city region's public procurement and wider priorities, sitting at the heart of work to tackle inequalities and build a better, fairer and greener economy in Greater Manchester. The updated framework will guide delivery of social value within public sector contracts across the GMCA, individual local authorities and NHS organisations. It will support commissioners to set out their procurement and contract management requirements to maximise relevant social value, and providers to develop and submit proposals.

## E. DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Each Member has a clear role profile in relation to their portfolio. The assigned portfolios are published through the GMCA website, so members of the public are aware of which member of the GMCA has strategic responsibility for which area. Leaders meet regularly with senior officers in relation to their portfolio.

Member Induction Sessions are held at the beginning of each year, and Member capabilities and skills are supported through the Member development programmes. Informal briefings are provided to Members in advance of all Audit Committee and Overview and Scrutiny Committees.

The Chief Executive Officer's role has been widened to include oversight of Transport for Greater Manchester. Part 3 of the GMCA Constitution sets out a Scheme of Functions Delegated to Chief Officers and those exercisable only by the GMCA to ensure clarity over the types of decisions that are delegated and those that are reserved for collective decision making of the Board.

Strategic management oversight and direction is provided through the Chief Executives Management Team, which is also the Incident management Group for emergencies, the Senior Leadership Team. The wider Leadership Team, Senior Leadership Team and Extended Leadership Teams meet regularly to discuss and share knowledge.

An increased focus on leading the delivery of system change through the Greater Manchester Strategy with improved co-ordination the GMCA and with Place has required:

- A wider range of Directors coming together to pull the 'professional specialisms' from across the CA together to lead/drive the organisation as a whole to meet agreed priorities. No one team can deliver system change
- A generic 'Director' role with a specialist portfolio – to show role is about working cross the organisation with 'blocks of activity' grouped under

Directors. By definition these 'Directorates' will rely on each other to deliver 'whole system change'.

- Corporate/Enabling Services are integral part of driving forward overall outcomes of the CA and the work of individual Directorates

These renewed directorates have been based on what the CA is trying to achieve:

- We want everyone to be Life Ready with the skills needed throughout live to succeed (Edn/Skills block)
- We want people to have good jobs in a prosperous economy (Economy block)
- We want people to live in vibrant and safe places (Place Making and Police/Fire/Criminal Justice blocks)
- We want GM to be a Low Carbon city region at the forefront of the 4<sup>th</sup> Industrial Revolution (Green and Digital blocks)
- We want joined-up public services that support individuals' holistically, focussing on prevention and the promotion of the best life chances (Public Service Reform block)

A comprehensive GMCA business plan is in place and can be found on the GMCA's [website](#)<sup>2</sup>. This includes a set of performance targets. All the actions are drawn from the GMS and monitoring performance against the GMS is delivered through the Implementation Plan whose performance dashboard is reported through the Scrutiny Committees, and to the GMCA, on a six-monthly basis.

The GMCA has developed a GM Good Employment Charter and the GMCA itself has now achieved Member status through its own excellent employment practices.

The integrated staff Personal Development Plans first developed through 2017/18 as part of enhanced HR and organisational development service for overall GMCA continue to take place. Further recent initiatives include:

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<sup>2</sup> [https://www.greatermanchester-ca.gov.uk/media/2242/gmca\\_business\\_plan\\_2019\\_full\\_public.pdf](https://www.greatermanchester-ca.gov.uk/media/2242/gmca_business_plan_2019_full_public.pdf)

- The launching of a health and wellbeing area on the intranet that includes a comprehensive suite of online support, virtual learning and opportunities to have face to face support
- An expanded portfolio of e-learning modules for staff and manager including equality and diversity awareness
- The launch of Mi Learning with a suite of new and improved managerial support tools to help people managers improve their knowledge and skills
- Leadership Development Programme procured and being rolled out across GMFRS
- Specialist recruitment strategies - Firefighter and Senior Recruitment - utilising Digital Technology

In addition to staff engagement surveys – regular monthly ‘pulse checks’ were now embedded within the organisation. These pulse checks were particularly important in helping to gauge how staff were feeling in terms of the move to a ‘new normal’ in ways of working and a hybrid mix of office and homeworking across the organisation.

Areas for Focus in 2021/22:

- The establishment of new ways of working in the post-Covid environment. Resetting the way we work as an organisation to ensure that hybrid ways of working are adaptable to the needs of all staff within the organisation.

## F. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

The GMCA Corporate Risk Register (CRR) was reviewed and updated on a quarterly basis throughout during 2020/21. The CRR identifies risk ownership for specific risks and is owned by the Governance and Risk Group. The GMCA Audit Committee receives quarterly updates on the CRR. Given the Covid-19 pandemic, a Covid-19 risk register was developed in April 2020 which will continue to be monitored in 2021/22.

The Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk and Internal control arrangements. New Internal Audit arrangements were implemented in 2019/20 with the appointment of a new in-house Head of Audit and Assurance and the establishment of an in-house GMCA Internal Audit team. The Internal Audit Plan is approved by Audit Committee, and Internal Audit provide quarterly progress reports to Audit Committee. The Head of Audit and Assurance produces an Annual Assurance opinion.

There is an established Scrutiny process comprised of three themed committees (Corporate Issues & Reform; Economy, Business Growth & Skills; and Housing, Planning & Environment) with each being subject to the scrutiny / call-in process whereby any Member of Constituent Councils can refer items for possible scrutiny. Areas for each scrutiny committee to are also proposed by the Chair and other members of the committees who are the owners of each committee's work programme.

GMCA's Revenue and Capital Budget and Monitoring Reports; Mayoral General Revenue and Capital Budget and Monitoring Reports; Mayoral Police and Crime Revenue and Capital Budget and Monitoring Reports; Treasury Management Strategy and Treasury Management Outturn Reports are all subject to appropriate reviewing, scrutiny and challenge where appropriate through the Corporate Issues & Reform Scrutiny Committee and via the Audit Committee.

Areas for Focus in 2021/22:

- Continuing to embed the GMCA Risk Management Framework across all Directorates within GMCA
- Robust arrangements to put in place to monitor delivery, performance and risk – ensuring the successful delivery of the Greater Manchester Strategy
- Implementation of the CIPFA Financial Management Code of Practice

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT, TO DELIVER EFFECTIVE ACCOUNTABILITY

Transparency of decision-making is achieved through live streaming of key meetings, a centralised FOI process, and through the GMCA Communications Strategy.

In terms of reporting: the annual accounts with narrative introduction; GMCA Annual Performance Report; Police and Crime Annual Report; Head of IA Annual Assurance Opinion; Annual Governance Statement; and Statement of Accounts are considered by the GMCA Audit Committee and the GMCA and contained within publicly viewable agendas.

New External Auditors (Mazars) were appointed from 1 April 2018, and they have produced an external audit findings report. The Audit Committee has oversight on the final accounts process. Actions taken to implement External Audit Recommendations will be reported as part of a combined audit recommendations tracker for 2021/22 as part of a revised audit action tracking process.

The Annual Internal Audit Opinion sets out compliance with the Public Sector Internal Audit Standards (PSIAS) and for 2020/21 confirmed that work had been undertaken in line with PSIAS. As the Internal Audit service was brought in-house in 2019/20, it was agreed with Audit Committee that the service would be subject to an external quality assessment within the next two years.

Areas for Focus in 2020/21:

- Development of a protocol to improve the consistency and transparency of arrangements for Mayoral Advisors.

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Date: **30<sup>th</sup> September 2021**

Subject: **2021 Statement of Audited Accounts - Update**

Report of: **Steve Wilson, Treasurer of the GMCA**

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## **PURPOSE OF REPORT**

This report provides an update on the Greater Manchester Combined Authority (GMCA) Statement of Accounts for 2020/21.

As previously reported, the unaudited group and single entity Statement of Accounts for 2020/21 were signed off by the Treasurer and published on the GMCA website during July to meet the statutory deadline for publication of 1<sup>st</sup> August 2021, link below:

<https://www.greatermanchester-ca.gov.uk/who-we-are/accounts-transparency-and-governance/annual-statement-of-accounts/>

The Deadline for submitted audited accounts for 2020/21 is 30<sup>th</sup> September 2021. It was hoped that final audited accounts would be ready in line with this deadline and shared with the Audit Committee at the 30<sup>th</sup> September meeting. This will not now be possible with a number of issues remaining to be completed by the authority's external auditors. This report provides committee members with an update on progress and details plans for finalising the 2020/21 audited accounts.

## **RECOMMENDATIONS:**

Audit Committee members are requested to note the latest position on the production of GMCA audited accounts.

## **CONTACT OFFICERS:**

Name: Steve Wilson  
Position: Treasurer, GMCA  
Tel: 07725 481067  
E-mail: [steve.wilson@greatermanchester-ca.gov.uk](mailto:steve.wilson@greatermanchester-ca.gov.uk)

Name: Rachel Rosewell  
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Risk Management – the risk from setting unsuitable accounting policies and determining critical accounting judgments is that the External Auditor could qualify the GMCA Accounts and require adjustments which may have an impact on the Authority and Mayoral General / PCC reserves.

Legal Considerations – included in Section 3

Financial Consequences – Revenue – N/A

Financial Consequences – Capital – N/A

Number of attachments included in the report: 3

**BACKGROUND PAPERS:**

None

<b>TRACKING/PROCESS</b>		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		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 AGMA Scrutiny Pool on the grounds of urgency?		No
AGMA Commission	TfGMC	Scrutiny Pool
N/A	N/A	N/A

## 1. INTRODUCTION

- 1.1 This report provides an update on the Greater Manchester Combined Authority (GMCA) Statement of Accounts for 2020/21.
- 1.2 As previously reported, the **unaudited** group and single entity Statement of Accounts for 2020/21 were signed off by the Treasurer and published on the GMCA website during July to meet the statutory deadline for publication of 1st August 2021, link below:  
<https://www.greatermanchester-ca.gov.uk/who-we-are/accounts-transparency-and-governance/annual-statement-of-accounts/>
- 1.3 The Deadline for submitted audited accounts for 2020/21 is 30th September 2021. It was hoped that final audited accounts would be ready in line with this deadline and shared with the Audit Committee at the 30th September meeting. This will not now be possible with a number of issues remaining to be completed by the authority's external auditors. This report provides committee members with an update on progress and details plans for finalising the 2020/21 audited accounts.

## 2. 2020/21 ACCOUNTS TIMESCALES

- 2.1 The authority is normally required by *The Local Audit and Accountability Act 2014* and the *Accounts and Audit Regulations 2015* to present its Statement of Accounts (and associated documents) for public inspection for a period of 30 days which must include the first 10 working days of June.
- 2.2 MHCLG has again extended the statutory deadlines for local authorities to approve and publish their accounts for 2020/21 due to the Coronavirus (COVID-19) pandemic. The government has also accepted the recommendation of the Independent Review of Local Authority Financial Reporting and Audit (the Redmond Review) for the audit deadline to be extended to 30<sup>th</sup> September for local authority accounts.
- 2.3 The *Accounts and Audit (Coronavirus) (Amendment) Regulations 2021* have implemented these new deadlines by amending the *Accounts and Audit Regulations 2015* and came into force on 31<sup>st</sup> March 2021. The revised deadlines applicable to local authorities for 2020/21 are as follows:
- Unaudited group accounts to be signed off by the Treasurer by 31<sup>st</sup> July 2021 (amended from 31<sup>st</sup> May)
  - Public inspection period for unaudited group accounts to start on or before first working day of August 2021 (amended from 1<sup>st</sup> June)
  - Publish final audited group accounts by 30th September 2021 (amended from 31<sup>st</sup> July)
- 2.3 In line with the majority of local authorities GMCA will not meet the deadline to publish audited accounts by the 30<sup>th</sup> September 2021.
- 2.4 Unlike many authorities GMCA had planned to deliver on this timeline and has made significant progress towards achieving this however there are a small number of tasks that are still to be completed.

2.5 Whilst this is disappointing it is important that the final set of accounts are of the highest possible quality and that the authority's external auditors have been given the appropriate amount of time to complete their task.

2.6 The final audited accounts will be presented to the November Audit Committee for approval

### **3. REMAINING WORK TO BE COMPLETED**

3.1 The update from the authority's external auditors sets out the key remaining audit tasks to be completed.

3.2 Following the completion of the audit a final set of accounts will be produced by the GMCA finance team.

3.3 The completion of the GMCA Group accounts will also require final audited accounts to be approved by the Police and Crime Joint Audit Panel for GMP and by the TFGM ARAC for TFGM which are, at this stage still, outstanding pending final completion.

### **4. RECOMMENDATIONS**

4.1 Recommendations are set out at the front of the report.

# Audit Completion Report (DRAFT)

Greater Manchester Combined Authority  
– Year ended 31 March 2021

September 2021

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01	Executive summary
02	Status of the audit
03	Audit approach
04	Significant findings
05	Internal control recommendations
06	Summary of misstatements
07	Value for Money

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Appendix A: Draft management representation letter

Appendix B: Draft audit report

Appendix C: Independence

Appendix D: Other communications

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Authority are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

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27 September 2021

Dear Committee Members

## Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 27 April 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07795 506766.

Yours faithfully



Mark Dalton

Mazars LLP

# 01

Section 01:

**Executive summary**

# 1. Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Not defined benefit liability valuation;
- Evaluation of property, plant and equipment; and
- Private Finance Initiative (PFI) scheme accounting.

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. At this stage there are no unadjusted misstatements. Section 7 outlines our work on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## Status and audit opinion

Our audit of the 2020-21 financial statements remains in progress.

At the time of preparing this report, significant matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



### Value for Money

The National Audit Office has issued an extended timeframe for reporting the results of our work on the Authority's arrangements for securing Value for Money in its use of resources. We will report the results of our work in our Auditor's Annual Report within three months of issuing our audit report.



### Whole of Government Accounts (WGA)

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



### Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. We have not received any questions or objections in respect of the Authority's accounts.

# 02

Section 02:

## Status of the audit

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# 2. Status of the audit

Our work is ongoing. There are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Movement in Reserves Statement		We are awaiting responses to our queries in respect of entries within the Movement in Reserves Statement.
Sample Testing		We are awaiting evidence to finalise our sample testing of <ul style="list-style-type: none"> <li>• Payroll and operating expenditure</li> <li>• Grant income and grant income received in advance,</li> <li>• Cut off for income and expenditure items either side of the financial year</li> <li>• Year end debtors and creditors balances</li> <li>• Loans and borrowings</li> <li>• Journal entries</li> </ul>
Usable and unusable reserves		We have obtained the required documentation and are finalising our work in this area.
Cash Flow		Our audit identified inconsistencies between the Cash Flow Statement and other areas of the accounts. Officers are in the process of investigating these differences.
Capital Expenditure and Financing		We are awaiting responses to our queries in respect of the Capital Expenditure and Financing Note
Pensions		Work following receipt of confirmations from Greater Manchester Pension Fund is in progress.
IT audit		We are in the process of finalising our testing of IT controls following receipt of evidence.

 Likely to result in material adjustment or significant change to disclosures within the financial statements.

 Potential to result in material adjustment or significant change to disclosures within the financial statements.

 Not considered likely to result in material adjustment or change to disclosures within the financial statements.

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# 2. Status of the audit

Audit area	Status	Description of the outstanding matters
Property, Plant and Equipment		<p>Our work in respect of PPE valuations is ongoing. We are in the process of finalising queries with the Authority’s valuers.</p> <p>In addition, we are in the process of finalising our testing of PPE balances including reviewing sample evidence in respect of</p> <ul style="list-style-type: none"> <li>• additions</li> <li>• assets under construction.</li> </ul>
Group accounts		The audits of TfGM and the Chief Constable of Greater Manchester Police are ongoing. Following finalisation of these we will receive updated group accounts and confirm the consolidation adjustments are appropriate.
Financial statements, Annual Governance Statement and letter of representation		We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation.

 Likely to result in material adjustment or significant change to disclosures within the financial statements.

 Potential to result in material adjustment or significant change to disclosures within the financial statements.

 Not considered likely to result in material adjustment or change to disclosures within the financial statements.

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# 03

## Section 03: **Audit approach**

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# 3. Audit approach

## Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in April 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £30m using a benchmark of 1.8% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors, is £35m using the same benchmark. Group materiality was set at £35m at the planning stage using a benchmark of 1.8% of gross operating expenditure. Our final assessment of group materiality, based on the final financial statements and qualitative factors, is £40m using the same benchmark.

## Use of experts

Management makes use of experts in specific areas when preparing the Authority's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Defined benefit liability	Hymans Robertson (Greater Manchester Pension Fund) and the Government Actuary Department (Firefighters' Pension Scheme)	We received assurances from PwC as NAO's consulting actuary
Property, plant and equipment valuation	Salford City Council, Avison Young and Hilco Valuation Services	We used available third party information to challenge the valuer's key assumptions. For the waste asset valuations we engaged our internal valuations team to review a sample of valuations.

Item of account	Management's expert	Our expert
Financial instrument disclosures	Link Asset Services	We reviewed the expert's methodology in calculating the fair value disclosures to confirm the reasonableness of assumptions used

There are no reporting matters to highlight from our consideration of the work of experts.

## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Authority that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Authority and our audit approach.

Items of account	Service organisation	Audit approach
Treasury Management	Manchester City Council	We had access to all the relevant data we needed in order to gain assurance over the Authority's treasury management balances.
BACS bureau	Wigan Metropolitan Borough Council	We had access to all the relevant data we needed in order to gain assurance over the Authority's BACS payments.

There are no reporting matters to highlight from our consideration of the work of service organisations.



# 3. Audit approach

## Group audit approach

The Authority's group structure for 2020/21 includes the Chief Constable of Greater Manchester Police, Transport for Greater Manchester, and two wholly owned subsidiary companies, NW Evergreen Holdings Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. In auditing the accounts of the Authority's Group financial statements, we obtained assurance over the transactions in the Group relating to the consolidated bodies.

Our approach reflected the size and complexity of the transactions from the consolidated bodies into the Authority's Group financial statements. Our approach is outlined below and we confirm there are no changes to the planned approach set out in our Audit Strategy Memorandum.

Group component	Approach adopted	Key points or other matters to report
Greater Manchester Combined Authority	●	The Mazars audit team undertook the full audit of the Authority's accounts
Chief Constable of Greater Manchester Police	●	The Mazars audit team undertook the full audit of the Chief Constable's accounts
Transport for Greater Manchester	●	The Mazars audit team undertook the full audit of TfGM's accounts
NW Evergreen Holdings Limited Partnership	●	The Mazars audit team undertook testing of NW Evergreen Holdings debtor balances and carried out review procedures of the remaining consolidated accounting entries.
Greater Manchester Fund of Funds (FoF) Limited Partnership	●	The Mazars audit team undertook testing of Greater Manchester FoF's cash balances and carried out review procedures of the remaining consolidated accounting entries.

- Full audit**  
 Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality. This covered 99% of group revenues and 97% of group total assets.
- Audit of balances and/or disclosures**  
 Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality. This covered 1% of group revenues and 3% of group total assets
- Specific audit procedures**  
 Performance of specific audit procedures on the component's financial information
- Review procedures**  
 Desk top review of the component's financial information prepared for group reporting purposes using the component materiality assigned



# 04

## Section 04: **Significant findings**

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# 4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 21 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

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## Significant risks

Management	Description of the risk
<b>override of controls</b>	Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
	<b>How we addressed this risk</b>
	We addressed this risk through performing audit work over: <ul style="list-style-type: none"> <li>• Accounting estimates impacting amounts included in the financial statements;</li> <li>• Consideration of identified significant transactions outside the normal course of business; and</li> <li>• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li> </ul>
	<b>Audit conclusion</b>
	As set out in section 2, our audit work in relation to journal entries and accounting estimates remains ongoing. Based on the work completed to date, there are no issues to bring to the Committee’s attention. We will update the Committee of any findings in our follow up letter.



# 4. Significant findings

<b>Valuation of property, plant and equipment</b>	<b>Description of the risk</b>
	<p>The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle.</p> <p>The valuation of Property, Plant &amp; Equipment involves the use of a management expert (the valuers), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.</p> <p>As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at their materially correct fair value. In addition, as the valuations are undertaken through the year there is a risk that the fair value as the assets is materially different at the year end.</p>
	<b>How we addressed this risk</b>
<b>Page 54</b>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• assessing the Authority’s valuer’s scope of work, qualifications, objectivity and independence to carry out the Authority’s programme of revaluations;</li> <li>• considering whether the overall revaluation methodology used by the Authority’s valuers is in line with industry practice, the CIPFA Code of Practice and the Authority’s accounting policies;</li> <li>• reconciling the valuer’s report to the fixed asset register and ensure that the values per the report have been correctly input, in total, to the asset register;</li> <li>• assessing the appropriateness of the underlying data and the key assumptions used in the valuer’s estimate, including using the Mazars valuation team to assess the valuation of waste assets, and using available third party evidence;</li> <li>• reviewing the basis of valuation and confirm that this is appropriate and agrees to the asset register;</li> <li>• assessing the treatment of the upward and downward revaluations in the Authority’s financial statements with regards to the requirements of the CIPFA Code of Practice;</li> <li>• assessing the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time; and</li> <li>• assessing the approach that the Authority adopts to ensure that assets not subject to revaluation in 2020/21 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Authority’s valuers.</li> </ul> <p>In line with 2019/20 and the continuing Covid-19 pandemic, we reviewed the valuation approach and whether a material uncertainty disclosure was required for 2020/21.</p>
	<b>Audit conclusion</b> <p>As set out in section 2, our audit work in relation to valuations remains ongoing. To date there are no issues to bring to the Committee’s attention. We will update the Committee of any findings in our follow up letter.</p>



# 4. Significant findings

<b>Net defined benefit liability valuation</b>	<b>Description of the risk</b>
	<p>The net pension liability represents a material element of the Authority's balance sheet. The Authority's liability is split between the Greater Manchester Pension Scheme and the Fire Fighters Pension Scheme.</p> <p>The valuation of the pension scheme liabilities relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the Authority's pension obligations are not reasonable or appropriate to the Authority's circumstances.</p>
	<b>How we addressed this risk</b>
	<p>Our procedures included:</p> <ul style="list-style-type: none"><li>• assessing the competency, objectivity and independence of the Greater Manchester Pension Fund's Actuary, Hymans Robertson and the Fire Fighters Pension Scheme Actuary, the Government Actuary Department (GAD);</li><li>• liaising with the auditors of the Greater Manchester Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;</li><li>• reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuaries, and the key assumptions included within the valuations. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and</li><li>• agreeing the data in the IAS 19 valuation reports provided by the Funds Actuaries for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements.</li></ul> <p>In line with 2019/20 and the continuing Covid-19 pandemic, we reviewed the valuation approach and whether a material uncertainty disclosure was required for 2020/21.</p>
<b>Audit conclusion</b>	
<p>As set out in section 2, our audit work in relation to the net define liability valuations remains ongoing. To date there are no issues to bring to the Committee's attention. We will update the Committee of any findings in our follow up letter.</p>	

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# 4. Significant findings

## Key areas of management judgement

Private Finance Initiative (PFI) scheme

**Description of the management judgement**

The Authority has no new PFI schemes in 2020/21. However, the Authority continues to make judgements that result in the Authority’s accounting for the PFI assets and liabilities in its financial statements.

**How our audit addressed this area of management judgement**

We considered the continued accounting treatment of the PFI scheme assets and liabilities as being in the Authority’s financial statements

**Audit conclusion**

Our work is complete and based on the results of our testing there are no matters to bring to the Committee’s attention.

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# 4. Significant findings

## Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority's circumstances.

Draft accounts were received from the Authority on 25 July 2021 in line with agreed timescales. The accounts were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Authority finance officers have been very helpful in promptly answering our detailed audit queries and ensuring that colleagues have prioritised responding to our audit queries.

## Significant matters discussed with management

Throughout the course of the audit we have maintained a close dialogue with Authority officers. There have been no significant matters raised as part of these discussions.

## Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. It is however worth noting that our audit work has been carried out through remote working arrangements as a result of the constraints imposed by the COVID-19 pandemic. Whilst challenging at times, through the effective use of technology and close liaison with finance and other officers of the Combined Authority these challenges were overcome. We would like to thank the Finance Team for the quality of their supporting working papers and for being available throughout the audit work to answer our queries.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any questions or objections to the 2020/21 financial statements.

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# 05

## Section 05: **Internal control recommendations**

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# 5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
<b>1 (high)</b>	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
<b>2 (medium)</b>	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
<b>3 (low)</b>	In our view, internal control should be strengthened in these additional areas when practicable.	0

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# 5. Internal control recommendations

## Follow up on previous internal control points

### Description of deficiency

There is currently no defined de-minus level within the Authority’s accounting policies for accruals and prepayments.

### Potential effects

It is recognised as good practise to define a de-minus level. Without a defined de-minus level it is likely that there will be inconsistencies across the Authority of the level of accruals and prepayments processed.

### Recommendation

Management should document a defined de-minus level within the Authority’s accounting policies for accruals and prepayments.

### 2020/21 update

The recommendation has been fully implemented.

### Description of deficiency

Reconciliations of balance sheet accounts are not being completed for all required accounts.

### Potential effects

There is a risk that accounting transactions are not reversed, written out, or adjusted for as required without the review and reconciliation process taking place. This could potentially lead to the balance on the account at the year end being misstated.

### Recommendation

Balance sheet account reconciliations should be carried out periodically and on a timely basis.

### 2020/21 update

Recommendation not yet implemented. The Finance team are looking to implement this recommendation in 2021/22.



# 5. Internal control recommendations

## Follow up on previous internal control points

**Description of deficiency**

Management do not complete a detailed review of the external valuers reports received to ensure that they are satisfied with the approach taken, assumptions used and resulting valuations.

**Potential effects**

The external valuers report may be materially misstated due to use of an inappropriate approach or assumptions in undertaking the valuation.

**Recommendation**

Management should carry out a detailed review of the external valuers report and assumptions to ensure that they are satisfied with the approach taken, assumptions used and resulting valuations.

**2020/21 update**

Our work on PPE valuations confirmed the recommendation was fully implemented.

**Description of deficiency**

As part of our testing we have identified a number of incorrect accruals and prepayments. There was a lack of management review of these year end adjustments.

**Potential effects**

The value of accruals and prepayments could potentially be misstated in the balance sheet.

**Recommendation**

Management review of the year end accruals and prepayments should be carried out to reduce the risk of incorrect year end adjustments being processed.

**2020/21 update**

The recommendation has been fully implemented.

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# 5. Internal control recommendations

## Follow up on previous internal control points

### Description of deficiency

All waste buildings are depreciated straight line over a 30 year useful life, rather than being depreciated over the useful life as per the valuation report, for 2019/20 the valuer estimated the useful life of the waste buildings within the range of 25 to 50 years.

### Potential effects

The depreciation charge for the year could potentially be misstated.

### Recommendation

Management should update the asset lives of the waste building assets for depreciation purposes annually on receipt of the valuation report which includes an estimate of the assets useful life in the valuers professional judgement.

### 2020/21 update

The recommendation has been fully implemented.

### Description of deficiency

As part of our testing of leases we have identified that there is not an overall leases register for the Combined Authority which is reviewed and updated annually ahead of the accounts preparations.

### Potential effects

The authority currently do not include a leases note within their accounts on the basis of materiality. However should the value of leases increase, without up to date information on new leases being entered into or updates to lease terms the authority may omit a material disclosure from the accounts particularly in light of the implementation of the new leases standard IFRS 16.

### Recommendation

A leases register should be maintained and updated as at the year end date. This recommendation is especially important in light of the implementation of the new leases standard IFRS 16.

### 2020/21 update

Recommendation not yet due – implementation date is 31 October 2021.

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# 5. Internal control recommendations

## Follow up on previous internal control points

### Description of deficiency

As at the date of the accounts being submitted for audit there were a number of declarations of interests forms still outstanding from senior officers of the Authority. These were received as we progressed through the audit.

### Potential effects

The related parties transactions note to the account may omit material disclosures of related parties due to the declarations of interests forms not being available for review during the preparation of the note to the accounts.

### Recommendation

The timeliness of declarations of interests forms being received should be improved.

### 2020/21 update

The recommendation has been fully implemented.

### Description of deficiency

There was no user access review carried out for the payroll system (iTrent) in the audit period.

### Potential effects

Without timely review of users, users who have left the Authority or moved to a different role within the Authority may have an inappropriate level of access to the iTrent system.

### Recommendation

Management should conduct user access review for iTrent annually. This is to ensure correct access is maintained for all employees and leavers are revoked in a timely manner.

### 2020/21 update

The recommendation has been fully implemented.

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# 5. Internal control recommendations

## Follow up on previous internal control points

### Description of deficiency

In relation to the Authority’s IT systems, intruder lockout threshold is set at 50 attempts which poses a risk from automated attacks.

### Potential effects

There is an increased risk of automated attacks due to the high lockout threshold.

### Recommendation

Management should consider lowering the threshold in order to help deter automated attacks.

### 2020/21 update

The recommendation has been fully implemented.

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# 06

Section 06:

## Summary of misstatements

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# 6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £1.050m.

The first section outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second section outlines the misstatements that have been adjusted by management during the course of the audit.

## Unadjusted misstatements

At this stage of the audit there are no unadjusted misstatements which impact on the primary statements.

Should any such misstatements arise through the completion of the outstanding work outlined in Section 2, we will provide an update to the Audit Committee in our follow up letter.

## Adjusted misstatements

At this stage of the audit there are no adjusted misstatements which impact on the primary statements.

Should any such misstatements arise through the completion of the outstanding work outlined in Section 2, we will provide an update to the Audit Committee in our follow up letter.

## Disclosure amendments

During the course of the audit, we have identified a number of presentational and disclosure amendments. These include:

- Various minor spelling and grammatical updates to the accounts;
- Note 18 – The Senior Officers Remuneration table has been updated to disclose the correct names where required;
- Note 29 – The Non-Current Financial Assets table has been updated to include £5,332k of non-financial debtors. The figure was missing in the draft version of the accounts.
- Note 29 – The total of Non-Current Non-Financial Liabilities has been updated from £2,815,236k to £81,095k to correct a casting error; and
- Note 60 – The Group Movement in Reserves table in the pensions note has been updated to include £36,344k of employers' contributions.



# 07

## Section 07: **Value for Money**

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# 7. Value for Money

## Approach to Value for Money

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Authority plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Authority ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Authority has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Authority's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in [insert date].

## Status of our work

We are yet to complete our work in respect of the Authority's arrangements for the year ended 31 March 2021. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Authority's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Authority's arrangements. As noted above, our commentary on the Authority's arrangements will be provided in the Auditor's Annual Report in December 2021.



# Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

# Appendix A: Draft management representation letter

**To be provided to us on client headed note paper**

Greater Manchester Combined Authority  
Churchgate House  
Oxford Street  
Manchester

[Date]

Dear Mark

**Greater Manchester Combined Authority - audit for year ended 31 March 2021**

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Combined Authority ('the Authority') and its Group for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

**My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

**My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority and Group you determined it was necessary to contact in order to obtain audit evidence.



# Appendix A: Draft management representation letter

I confirm as the Authority's Treasurer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Combined Authority and committee meetings, have been made available to you.

### Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority and Group's financial position, financial performance and cash flows.

### Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Authority and Group in making accounting estimates, including those measured at current or fair value, are reasonable.

### Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.



# Appendix A: Draft management representation letter

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud and error

I acknowledge my responsibility as the Authority's Treasurer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- my knowledge of fraud or suspected fraud affecting the Authority and Group involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

## Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Authority and Group's related parties and all related party relationships and transactions of which I am aware.



# Appendix A: Draft management representation letter

### Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### Going concern

I confirm that I have carried out an assessment of the potential impact of the Covid-19 pandemic on the Authority and Group, including the impact of mitigation measures and uncertainties and am satisfied the going concern assumption remains appropriate and that no material uncertainty has been identified. To the best of my knowledge there is nothing to indicate that the Authority and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

### Unadjusted misstatements (if uncorrected misstatements are identified through completion of the outstanding audit work detailed in section 2)

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. All uncorrected misstatements are included in Appendix A.

Yours faithfully

Steve Wilson

Treasurer



# Appendix B: Draft audit report

## Independent auditor’s report to the members of Greater Manchester Combined Authority

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements of Greater Manchester Combined Authority (‘the Authority’) and its subsidiaries (‘the Group’) for the year ended 31 March 2021, which comprise the Authority and Group Comprehensive Income and Expenditure Statements, the Authority and Group Movement in Reserves Statements, the Authority and Group Balance Sheets, the Authority and Group Cash Flow Statements, the Firefighters’ Pension Fund, the Police Pension Fund, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31st March 2021 and of the Authority’s and the Group’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.



# Appendix B: Draft audit report

## Other information

The Treasurer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of the Treasurer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Treasurer is also responsible for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Treasurer is responsible for assessing each year whether or not it is appropriate for the Authority and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## Auditor's responsibilities for the audit of the financial statements

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

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

We evaluated the Treasurer incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.



# Appendix B: Draft audit report

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority and the Group which were contrary to applicable laws and regulations, including fraud.

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

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

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.



# Appendix B: Draft audit report

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

### Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Authority's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

### Responsibilities of the Authority

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

### Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Executive summary

Status of audit

Audit approach

Significant findings

Internal control  
recommendations

Summary of  
misstatements

Value for Money

Appendices

# Appendix B: Draft audit report

## Use of the audit report

This report is made solely to the members of Greater Manchester Combined Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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[Signature]

Mark Dalton - Key Audit Partner  
For and on behalf of Mazars LLP  
5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

[Insert date]



# Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

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# Appendix D: Other communications

Other communication	Response
<b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
<b>External confirmations</b>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<b>Related parties</b>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the Treasurer that Greater Manchester Combined Authority will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

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# Appendix D: Other communications

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud  Page 81	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit Committee, confirming that</p> <ul style="list-style-type: none"> <li>a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:               <ul style="list-style-type: none"> <li>i. Management;</li> <li>ii. Employees who have significant roles in internal control; or</li> <li>iii. Others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>



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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.