

**GREATER MANCHESTER COMBINED AUTHORITY
AUDIT COMMITTEE****DATE:** Wednesday, 31st July, 2024**TIME:** 10.00 am**VENUE:** Boardroom, GMCA Offices, Broadhurst, Tootal
Buildings, 56 Oxford Street, Manchester. M1 6EU**SECOND SUPPLEMENTAL AGENDA****20. External Audit Progress Report**

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Report of Mazars, External Auditor.

For copies of papers and further information on this meeting please refer to the website www.greatermanchester-ca.gov.uk. Alternatively, contact the following Governance & Scrutiny Officer: paul.harris@greatermanchester-ca.gov.uk

This second supplemental agenda was issued on Monday 29th July 2024 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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Audit Completion Report (Draft)
Greater Manchester Combined Authority - year ended 31 March 2023

31st July 2024

Members of the Audit Committee
Greater Manchester Combined Authority
56 Oxford Street
Manchester
M1 6EU
31st July 2024

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

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2023

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 13 March 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report 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 0161 238 928.

Yours faithfully

Karen Murray

Forvis Mazars LLP

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01

Executive Summary

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Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 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;
- Net defined benefit liability valuation
- Valuation of property, plant and equipment
- Valuation of equity investment (Enhanced risk)

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £7,576k. 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

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023.

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

We are yet to complete our work in respect of Greater Manchester Combined Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023. Our work will provide an update on the significant weaknesses identified as part of our 2021/22 value for money work and as reported in our Auditor's Annual Report 2021/22.



Whole of Government Accounts (WGA)

We anticipate completing our work on the Authority's WGA submission, in line with the group instructions issued by the NAO. We anticipate reporting that the WGA submission is consistent with the audited financial statements.



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 received no questions or objections in respect of Greater Manchester Combined Authority's financial statements.

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Status of the audit

Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

Property Plant and Equipment

We are still in the process of reviewing the evidence provided to support the valuation of the Bury Training Centre. We are also reviewing the responses to queries raised in our sample testing.



Consolidated Accounts

We are waiting for further information to support the accounting treatment of £15m of income relating to ERDF for "Fund of Funds". We are also agreeing amendments to the group accounts.



Technical Review

Our technical review of the revised accounts has raised a number of queries.



Audit Completion

We have yet to complete our final manager, partner and engagement quality reviews of the audit work. We will do so once the outstanding work is complete.



We will review the final set of financial statements and annual governance statement on receipt of the signed version, together with the signed letter of representation.

Value for Money

Our value for money work remains in progress.



Status



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



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



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



Work on value for money arrangements

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 13 March 2024.

Materiality

Our provisional materiality at the planning stage of the audit was set at £37m using a benchmark of 1.8% of gross operating expenditure. Our provisional group materiality at the planning stage of the audit was set at £44m using a benchmark of 1.8% of gross operating expenditure.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Use of experts

There has been no changes to use of experts as outlined in our Audit Strategy Memorandum

Items of account	Service organisation	Audit approach
BACS bureau	Wigan Metropolitan Borough Council	We have had access to all the relevant data we need in order to gain assurance over the Authority's BACS payments.

Service organisations

There has been no changes to the service organisations as outlined in our Audit Strategy Memorandum.

Item of account	Management's expert	Our expert
Defined benefit liability	Hymans Robertson (Greater Manchester Pension Fund) and Government Actuary Department (Firefighters' Pension Scheme)	PwC as NAO's consulting actuary.
Property, plant and equipment valuation	Salford City Council, Avison Young and Hilco Valuation Services	We have used available third party information to challenge the valuer's key assumptions. For the valuation of the Authority's waste assets we have engaged a valuations specialist as an auditor's expert to review the underlying assumptions for a sample of valuations.
Equity Investments	Core Investment Team	For the valuation of the Authority's equity Investments we have engaged our internal valuations team to review a sample of valuations.
Financial instrument disclosures	Link Asset Services	We have reviewed the expert's methodology in calculating the fair value disclosures to confirm the reasonableness of assumptions used.

Audit Approach

Group audit approach

Group component	Approach adopted	Key points or 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 Holding 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 Limited Partnership	●	The Mazars audit team undertook analytical procedures on the FoF's financial statements and reviewed the consolidation process and adjustments made by GMCA in preparing the group financial statements.
Greater Manchester Evergreen 2 Limited Partnership	●	The Mazars audit team undertook analytical procedures on the GME2LP financial statements and reviewed the consolidation process and adjustments made by GMCA in preparing the group financial statements.

● **Full audit**
Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality

● **Audit of balances and/or disclosures**
Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality

● **Specific audit procedures**
Performance of specific audit procedures on the component's financial information

● **Review procedures**
Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

04

Significant findings

Significant findings

Significant findings, including key areas of management judgement

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

- our audit conclusions regarding 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 significant difficulties we experienced during the audit; and

Significant Risks

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

Audit conclusion

Our audit work is complete in this area. There are no issues to bring to the Committee's attention.

Significant findings

Net defined benefit liability valuation

Description of the management judgement

The net pension liability represents a material element of GMCA's balance sheet. GMCA's liability is split between the Greater Manchester Pension Scheme and the Fire Fighters Pension Scheme.

The valuation of the pension schemes' liabilities rely on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in GMCA's overall valuations.

There are financial assumptions and demographic assumptions used in the calculation of GMCA's valuations, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of GMCA'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.

There is a risk that the assumptions and methodology used in valuing GMCA's pension obligations are not reasonable or appropriate to GMCA's circumstances. This could have a material impact to the net pension liability in 2022/23.

How our audit addressed this area of management judgement

In relation to the valuation of GMCA's defined benefit pension liability we have:

- Critically assessed 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);
- Liaised with the auditors of the Greater Manchester Pension Fund to obtain confirmation that the controls are designed and implemented appropriately. 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;
- Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuaries, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office;
- Agreed the data in the IAS 19 valuation reports provided by the Funds' Actuaries for accounting purposes to the pension accounting entries and disclosures in GMCA's financial statements;
- Reviewed the asset ceiling calculation, including reviewing the appropriateness of the assumptions and inputs used in the asset ceiling calculation.

Audit conclusion

Our work is complete. Amendments have been made to the statement of accounts following receipt of a revised IAS19 reports and asset ceiling calculations. These are detailed within section 6.

Significant findings

Valuation of property, plant and equipment

Description of the management judgement

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. The valuation of Property, Plant & 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.

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.

How our audit addressed this area of management judgement

In relation to the valuation of property, plant & equipment we have:

- Critically assessed the Authority's valuer's scope of work, qualifications, objectivity and independence to carry out the Authority's programme of revaluations;
- Considered 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;
- Reconciled the valuer's report to the fixed asset register and ensure that the values per the report have been correctly input, to the asset register;
- Critically assessed the appropriateness of the underlying data and the key assumptions used in the valuer's report, using available third party evidence;
- Engaged a valuations specialist to review the underlying assumptions in the Authority's valuations for a sample of waste assets;
- Reviewed the basis of valuation and confirm that this is appropriate and agrees to the asset register;
- Critically assessed 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;
- As Fire and Police assets are revalued before 31/03/23 we have assessed 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
- Critically assessed the approach that the Authority adopts to ensure that assets not subject to revaluation in 2022/23 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Authority's valuers.

Audit conclusion

Our work in relation to the valuation of property, plant and equipment is still in progress, We will report any matters arising on completion of our work to this committee in our Audit Completion follow up letter.

Significant Findings – Enhanced risk

Valuation of Equity Investments

Description of the management judgement

The valuation of the investments involves the use of a management expert (the Core Investment Team),and incorporates assumptions and estimates which impact on the reported value. The level of estimation uncertainty creates an enhanced audit risk.

How our audit addressed this area of management judgement

In relation to the valuation of equity investments we have:

- engaged them Mazars valuation team to undertake a review of a sample of equity investment valuations;
- reviewed the classification of equity investments under the requirements of IFRS 9 Financial Instruments; and
- reviewed the classification of fair value movements posted as a result of changes in valuations.

Audit conclusion

The work of our valuation team provided assurance that the equity investment valuation were reasonable.

Significant findings

Qualitative aspects of Greater Manchester Combined Authority's accounting practices

We have reviewed Greater Manchester Combined Authority's (GMCA) accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to GMCA's circumstances.

Draft accounts were received from GMCA on 31 July 2023 and were generally of a good quality.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

Pension asset ceiling calculation

Each year GMCA is required to obtain an actuarial valuation of its share of assets and liabilities held in Greater Manchester Pension Fund. Usually this results in a net pension liability being held on GMCA's Balance Sheet. In 2022/23, the valuation identified GMCA has a net pension asset for the first time. There are specific accounting requirements which limit the value of the net asset to the 'asset ceiling'. As part of the valuation, the actuary provided a calculation of the asset ceiling.

We have reviewed the asset ceiling calculation, how secondary contributions have been taken into account and the assumptions which underpin this. The actuary assumed a future working life of the employer as being 7.7 years. In our view this should have been calculated over an indefinite period. The effect of this is to understate the value of the asset ceiling, and therefore the value of the net pension asset on GMCA's Balance Sheet.

The finance team have obtained a revised asset ceiling calculation and the impact of this on GMCA's financial statements is shown in section 6 of this report.

Impact of the War in Ukraine

The ongoing situation in Ukraine has far-reaching consequences for public sector organisations. As part of our audit we have discussed with management the impact of the war on GMCAs operations, and whether any disclosures are required in the financial statements. We are satisfied there are no issues arising which would require specific disclosures in GMCA's financial statements.

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.

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 2022/23 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. No such objections have been raised.

05

Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of Authority's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Authority's internal controls, we are required to communicate to members of the committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- A necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing

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

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies Authority's internal controls that we have identified as at the date of this report are in set out on the following pages.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the members of the committee.

The significant deficiencies in the Authority's internal controls that we have identified as at the date of this report are in set out on the following pages.

Other observations

We also record our observations on the Authority's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We do not have any other internal control observations to bring to your attention as at the date of this report.

Internal control conclusions

Significant deficiencies in internal control

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, or a loss of information. This may have implications for the achievement of business strategic objectives. Our recommendations should be considered for immediate action.

Description of deficiency

Whilst completing our work on property plant and equipment we noted depreciation charges has been incorrectly calculated on a number of assets. These errors arose because incorrect remaining asset lives has been used. This is a continuing issue from 21/22.

Potential effects

The Property Plant & Equipment balance could be materially misstated if asset lives are incorrect and depreciation is wrongly calculated. Whilst depreciation errors are unlikely to be material, the impact on the net book value could increase over time to be material.

Recommendation

1. Update the useful lives recorded in the fixed asset register and review depreciation to ensure it is correctly calculated
2. For land and building assets that are revalued, obtained updated useful lives from the valuer and apply these.

Management response

Internal control conclusions

Significant deficiencies in internal control - continued

Description of deficiency

Our audit procedures on PPE valuations identified that a number of assets revalued in the year were missing from the valuer report.

Potential effects

If the valuer's report is not complete, assets revalued may not be correctly captured within the Authority's fixed assets register and ledger.

Recommendation

Management should ensure that the valuer's report is complete and all assets revalued in year are included.

Management response

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Internal control conclusions

Significant deficiencies in internal control - continued

Description of deficiency

Our audit procedures on Property plant and equipment valuations identified that a number of components within the valuation calculation were incorrect as incorrect floor areas had been used.

Potential effects

Property Plant and Equipment could be materially misstated

Recommendation

Management should as part of their review of valuations ensure that the data provided to, and used by, the Authority's valuer to produce valuations is accurate.

Management response

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Internal control conclusions

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Our bank confirmation procedures identified a bank account that had not been set up in the Authority's ledger and so was not included in the bank reconciliation. The balance on the account was trivial.

Potential effects

The bank reconciliation may not be complete and accurate. As a result, the Authority's balance sheet could be misstated. Furthermore, transactions through the omitted accounts may not be properly reflected in the ledger.

Recommendation

All bank accounts should be set up in the ledger and included in the Authority's bank reconciliation.

Management response

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Internal control conclusions

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency- Property, Plant and Equipment

Whilst completing our testing on property, plant and equipment we identified several assets classified as an asset under construction which were operational. This suggests that there are deficiencies in the controls in place to identify when an asset under construction becomes operational.

Potential effects

Our work on the 2021/22 audit identified a material adjustment to the financial statements, as set out in Section 6 of this report. Failing to strengthen controls in this area could lead to material misstatements in the classification of assets in future financial statements and the incorrect charge of depreciation.

Recommendation

Management should complete a review of assets under construction at year end to ensure that none of the assets have become operational. This should be completed in close conjunction with GMP.

Current position

Our audit procedures in 2022/23 confirmed that previous issues have not recurred.

Description of deficiency- Cash Flow Statement

On receipt of the financial statement we noted an above trivial 'other cash movements' line on the cash flow statement. This is indicative of a deficiency in internal controls over the accuracy and completeness of the Cash Flow Statement.

Potential effects

We will conclude our audit once we are satisfied the Cash Flow Statement is free from material misstatements. Failing to strengthen controls in this area could lead to material misstatements in the in future financial statements.

Recommendation

Management should ensure that they review the other non cash movement and clear this to a below trivial limit before the commencement of the audit.

Current Position

Our audit procedures in 2022/23 confirmed recommendation has been implemented.

Internal control conclusions

Follow up on previous internal control points

Description of deficiency – Group Financial Statements

Whilst completing our work the group financial statements we identified a group component that should have been consolidated, on the basis of it being material, but was not. This suggests that there are deficiencies in the controls in place to identify group components that need to be consolidated on the basis of materiality.

Potential effects

Material group components are not consolidated into the group financial statements

Recommendation

Please ensure that a group materiality assessment is completed taking into consideration the following:

- 1) Figures in assessment should be based on current accounting period;
- 2) All potential group entities should be included;
- 3) Consideration of the impacts of aligning component accounting policies to that of the parent organisation being GMCA. On conversion of accounting policies components could become material for inclusion in the group financial statements;
- 4) Should include an analysis of income, expenditure, liabilities and assets.;
- 5) Should take into consideration any group intercompany transactions;
- 6) Should consider the cumulative impact of components in the assessment of materiality.

Further to this, it is suggested at a group structure document is updated and reviewed regularly to ensure that all potential group entities are identified.

Current position

GMCA's group assessment for 2022/23 included the above recommendations.

Description of deficiency – Revenue Grants

Whilst completing our grants testing it was identified that several material grants had incorrectly been treated as agency in the prior period (20/21).

Potential effects

There is a risk material misstatements could reoccur in future years if controls are not strengthened in this area.

Recommendation

Upon receipt of any new material grants a Principal vs Agency analysis should be completed taking into consideration the guidance in the CIPFA code. This consideration should be documented as evidence.

Current position

Our audit of grants on 2022/23 confirmed that consideration of principal Vs Agency had been considered and documented appropriately.

Internal control conclusions

Follow up on previous internal control points

Description of deficiency- Property, Plant and Equipment

Whilst completing of Property, plant and equipment we identified various issues in the use of the CIPFA asset management system that lead to several errors in the financial statements.

Potential effects

Our work on this area identified a number of misstatements as set out in section 6 of this report. There is a risk material misstatements could reoccur in future years if controls are not strengthened in this area.

Recommendation

Management should identify training needs in respect of the asset management system to ensure these errors are not repeated.

Current position

Our audit procedures identified continuing errors in relation to the calculation of depreciation. This recommendation remains.

Description of deficiency- Long Term Investments

Whilst testing investments we identified that fair value movements on equity investments held at fair value through other comprehensive income had been posted to the ledger incorrectly

Potential effects

Our work on this area identified a number of misstatements as set out in section 6 of this report. Without strengthening controls in this area, there is a risk misstatements could reoccur in future years.

Recommendation

Management should implement a process to ensure that new investments are identified and that the measurement basis is assigned on initial recognition of the investment.

Management should ensure that fair value movements are posted in line with the relevant accounting standard per the CIPFA code.

Current position

Our audit procedures for 2022/23 identified errors on fait value movement. This recommendation remains.

Internal control conclusions

Follow up on previous internal control points

Description of deficiency- Property, Plant and Equipment

Whilst completing our work on property, plant and equipment valuations we identified an asset which had not been revalued in the past five years. The code prescribes that property, plant and equipment measured at current value should be revalued at least every five years.

Potential effects

Through our audit we have gained sufficient assurance that the property, plant and equipment balance is not materially misstated, however there is a risk a material misstatement could occur in future years if assets are not revalued with sufficient regularity.

Recommendation

Ensure relevant assets are reviewed at least every five years in accordance with CIPFA's Code and the Authority's accounting policies.

Current position

Our audit procedures identified that this internal control recommendation had not been fully implemented.

Description of deficiency- Property, Plant and Equipment

Whilst completing our work on property, plant and equipment valuations we identified that surplus assets were last revalued in 20/21. The CIPFA code prescribes that these should be revalued every year.

Potential effects

Through our audit we have gained sufficient assurance that the property, plant and equipment balance is not materially misstated, however there is a risk a material misstatement could occur in future years if assets are not revalued with sufficient regularity.

Recommendation

Ensure that surplus assets are revalued annually

Current Position

No issues were identified from our 2022/23 audit procedures.

Internal control conclusions

Follow up on previous internal control points

Description of deficiency - Property, Plant and Equipment

Whilst completing our working on property, plant and equipment we identified that the land registry for several fire stations had not been updated to show that they were owned by GMCA.

Potential effects

This could lead to legal challenges of ownership

Recommendation

Ensure that the land registry is updated to reflect GMCA's ownership of these assets.

Current position

No issues were identified from our 2022/23 audit procedures.

Description of deficiency- Related Parties

Whilst reviewing the related parties note, we identified transactions with group entities which were not disclosed in the note. This suggests that some group entities were not considered when compiling the related parties note

Potential effects

Our work has provided sufficient assurance the accounts are free from material misstatement, however failure to improve controls in this area could lead to the omission of related party disclosures in future financial statements.

Recommendation

At year end review the ledger for any transactions and balances with all group entities and consider if these need to be disclosed in the related parties notes.

Current position

A number of adjustments have continued to be required to the financial statements. This recommendation remains outstanding.

Internal control conclusions

Follow up on previous internal control points

Description of deficiency- Cash Equivalentts

During our review of the cash equivalentts against the definition in GMCA's accounting policy, we identified a cash equivalent sample that did not meet the definition of a cash equivalent.

Potential effects

Our work identified one adjustment to the financial statements as set out in Section 6 of this report. Should controls not be strengthened, there is a risk short term investments could incorrectly be classified as cash equivalentts in future financial statements.

Recommendation

Ensure that a review of cash equivalentts is undertaken at year end against GMCA's definition of a cash equivalent per the accounting policy

Current position

No issues were identified from our 2022/23 audit procedures.

06

Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £1.110m.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 13 March 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Unadjusted misstatements – Single Entity

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Pension Reserve CR Pension Asset GMCA's actuary had not included an estimate of potential pension liability for the Fire Pension Scheme in relation to the Walker legal case. The above represents the expected liability of this legal case.			1,383	1,383
DR Funding set aside for the Chief Constable CR PPE Depreciation Misstatement relating to the incorrect calculation of depreciation due to the incorrect remaining asset life being applied. This adjustment relates to police assets.	6,050			6,050

Summary of misstatements

Unadjusted misstatements Single Entity - continued

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Expenditure	1,526			
CR PPE Depreciation				1,526
Misstatement in relation to the calculation of depreciation due to the incorrect remaining asset life being used. This relates to all non Police assets				
DR PPE Revaluations				6,803
CR PPE			6,803	
On revaluation testing identified a number of errors within Police and Fire assets. These errors totalled £5.6m. The above represents the total potential error when the error rate is extrapolated across the untested population.				
Aggregate effect of unadjusted misstatements	7,576	-	8,186	15,762

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

Summary of misstatements

Adjusted misstatements – Single Entity

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

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Net Pension Asset DR Pension Reserves (OCI) This represents the adjustment required in relation to the revised pension asset ceiling calculation			6,925	6,925
DR Pension Reserves (OCI) CR Net Pension Liability This reflects the changes following receipt of the revised GAD report which corrected the firefighters pension liability to take account of inflation.			26,460	26,460
DR Fair value movement of equity investment designated as fair value through OCI (OCI) CR Financing Expenditure This represents an adjustment in relation to the fair value movement which was shown incorrectly as finance expenditure	4,158	4,158		

Summary of misstatements

Adjusted misstatements – Single Entity

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

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Short-term debtors CR Short term debtors - expected credit loss Adjustment relates to the incorrect classification of some debtor balances which had been included in MCAs expected credit loss total in error. The adjustment does not impact the overall net debtor position.			3,282	3,282
DR Income – Economic Development and Regeneration CR Taxation and non-specific grant income The adjustment relates to the incorrect classification of Share of Rates Retention Pool/Pilot Income	14,762	14,762		
Total aggregate adjusted misstatements	18,920	18,920	36,667	36,667

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £1.320m.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 13 March 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Unadjusted misstatements – Group

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Pension Reserve CR Pension Asset GMCA had not included an estimate of potential pension for the Fire Pension Scheme in relation too the Walker legal case.			1,383	1,383
DR Funding set aside for the Chief Constable CR PPE Depreciation Misstatement relating to the incorrect calculation of depreciation due to the incorrect remaining asset life being applied. This adjustment relates to police assets.	6,050			6,050

Summary of misstatements

Unadjusted misstatements Group - continued

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Expenditure	1,526			
CR PPE Depreciation				1,526
Misstatement in relation to the calculation of depreciation due to the incorrect remaining asset life being used. This relates to all non Police assets				
DR PPE Revaluations				6,803
CR PPE			6,803	
On valuation testing identified a number of errors within Police and Fire assets. These errors totalled £5.5m. The above represents the total potential error when the error rate is extrapolated across the untested population.				
DR Debtors			223	
DR Creditors			1,847	
CR Investments				75
CR Useable Reserves				1,995
The above represents the movement between the management accounts on which the financial statements were prepared and the actual financial statements for the subsidiary for North West Evergreen				

Summary of misstatements

Unadjusted misstatements Group - continued

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Pension Assets CR Pension Reserves Represents GMCA group share of a £70m error identified in the GMPF auditor testing of pension assets. This related to the valuation of pooled investment vehicles which had been understated.			2,708	2,708
Aggregate effect of unadjusted misstatements	7,576	-	12,964	20,540

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

Summary of misstatements

Adjusted misstatements – Group

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

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Net Pension Asset CR Pension Reserves (OCI) This represents the adjustment required in relation to the revised pension asset ceiling calculation for GMCA			6,925	6,925
DR Pension Reserves (OCI) CR Net Pension Liability This reflects the changes following receipt of the revised GAD report which corrected the firefighters pension liability to take account of inflation. For GMCA			26,460	26,460
DR Pension Liabilities CR Pension Reserves (OCI) This represents the adjustment required in relation to the revised pension asset ceiling calculation for GMP			65,790	65,790

Summary of misstatements

Adjusted misstatements – Group

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Pension Reserves (OCI) CR Pension Liability This reflects the changes following receipt of the revised actuary from GAD to take account of inflation for GMP			118,870	118,870
DR Pension Assets CR Pension Liability Adjustment in relation to LGPS Pension asset being offset against the Police Pension Liabilities in error for GMP			62,934	62,934
CR Pension Assets CR Pension Liability DR Pension Reserves This represents the adjustment required in relation to the revised pension asset ceiling calculation for TFGM			50,252	36,688 13,564

Summary of misstatements

Adjusted misstatements – Group

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

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR Short-term debtors CR Short term debtors - expected credit loss Adjustment relates to incorrect classification of some debtor balances which had been included in EM/CAs expected credit loss total in error. The above adjustment doesn't change the net debtors position.			3,282	3,282
DR Income – Economic Development and Regeneration CR Taxation and non-specific grant income The adjustment relates to the incorrect classification of Share of Rates Retention Pool/Pilot Income	14,762	14,762		
DR Fair value movement of equity investment designated as fair value through OCI (OCI) CR Financing Expenditure This represents an adjustment in relation to the fair value movement which was shown incorrectly as finance expenditure	4,158	4,158		
Total aggregate adjusted misstatements	18,920	18,920	334,513	334,513

Summary of misstatements

Disclosure misstatements – Single entity

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

- **Cashflow statement and cashflow notes** – Movement of £5,734k from 'Adjustments to net surplus on the provision of services for non-cash movements' to 'investing activities' line to correct the classification of long-term investments.
- **Note 4 Impact of accounting standards issues but not yet adopted** – disclosure has been updated to reflect key accounting changes that haven't yet been adopted
- **Note 17 External Audit Fees** – Current year and prior year figures updated to reflect agreed fees
- **Note 19 Capital Commitments** – Police programme figure updated to £4,216k
- **Note 20 Property, plant and equipment** – Additional disclosure included to disclose methods and significant assumptions applied in estimating the items' current value
- **Note 20 Property, plant and equipment valuation analysis** - Note updated to reflect values in the valuation report and the fixed asset register
- **Note 29 Financial Instruments** – Additional disclosure included to explain the methods and assumptions used to value the equity investments held at fair value through OCI
- **Note 30- Nature and Extend of Risks Arising from Financial Instruments** – Disclosure updated to included a price risk section
- **Note 31 - Related Party** - Adjustments made to the disclosure for the North West Fire Control Ltd totalling -£622k, adjustments made to the disclosure for Manchester Investment and Development Agency Service Ltd (MIDAS) totalling -£246k and adjustments made to the disclosure for Manchester Camerata totalling £5k

07

Value for Money

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; and
- **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 September 2024.

Status of our work

We have completed our work in respect of Greater Manchester Combined Authority's (GMCA) arrangements for the year ended 31 March 2023. 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 GMCA's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the GMCA's arrangements. As noted above, our commentary on GMCA's arrangements will be provided in the Auditor's Annual Report September 2024.

Follow up of previously-reported significant weaknesses in arrangements

In 2020/21 we reported 4 significant weaknesses to GMCA which were followed up as part of our 2021/22 audit. At that stage, we reported that 2 had been sufficiently addressed. We will continue to follow up on the progress made by GMCA against the remaining two recommendations made and determine whether the significant weakness remained during the year.

We will review Management's update against each of the identified weaknesses, and will update the Audit Committee with our findings from this work once complete.

Appendices

- A: Draft management representation letter
- B: Draft audit report
- C: Confirmation of our independence
- D: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper

Greater Manchester Combined Authority
56 Oxford Street
Manchester
M1 6EU

[Date]

Dear Karen,

Greater Manchester Combined Authority - Audit for Year Ended 31 March 2023

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 2023 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 2022/23 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ('the Code Update'), published in November 2022, 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 ourselves 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 CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am 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 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 the methods, significant assumptions and the data used by the Authority and Group in making the accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

I confirm that any significant assumptions used by the Authority and Group in making accounting estimates, including those measured at 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 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, as amended by the Code Update 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 and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority and Group involving:
 - o management and those charged with governance;
 - o employees who have significant roles in internal control; and
 - o 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, as amended by the Code Update 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

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

The Authority and Group has no 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, as amended by the Code Update 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.

Impact of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority and Group, including the impact of mitigation measures and uncertainties.

Going concern

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.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority and Group's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Authority and Group's financial and operating performance over the period covered by the financial statements.

Appendix A: Draft management representation letter

Unadjusted misstatements

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix. I confirm that the effects of the unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. Please make sure the appendix is attached to the letter and not cross-referenced to the appendix in the ACR.

Value Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Steve Wilson

Treasurer

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Appendix B: Draft audit report

To follow

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Appendix C: Confirmation of our 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.

Appendix D: Other communications

Other communication	Response
<p>Compliance with Laws and Regulations</p>	<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>
<p>External confirmations</p>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<p>Related parties</p>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
<p>Going Concern</p>	<p>We have not identified any evidence to cause us to disagree with the Treasurer that GMCA 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>

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Appendix D: Other communications

Other communication	Response
<p>Subsequent events</p>	<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>
<p>Page 52 Issues related to fraud</p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate the Audit Committee, confirming that</p> <ul style="list-style-type: none"> a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.

Contact

Forvis Mazars

Karen Murray

Key Audit Partner

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karen.murray@mazars.co.uk.

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

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