

Date: **30th November 2021**

Subject: **Final GMCA Statement of Accounts 2020/21**

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

PURPOSE OF REPORT

This report provides a copy of the Greater Manchester Combined Authority (GMCA) final single entity Statement of Accounts for 2020/21 and final group accounts for 2021/22.

The report updates the committee on the changes since the draft accounts were published and confirms, subject to the committee's approval of the accounts and the unadjusted misstatements, that the final accounts expect to receive an unqualified opinion from the authority's external auditors.

RECOMMENDATIONS:

Audit Committee members are requested to approve the final statement of accounts 2020/21 for GMCA prior to publication, to note the changes to accounts during the audit period and to approve the unadjusted misstatements contained within this report.

The authority's external auditors are expected to give an unqualified opinion on the accounts and will provide an update at the meeting, should any final changes be required the committee are asked to delegate final approval to the Chair of the Audit Committee.

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

BACKGROUND PAPERS:

None

TRACKING/PROCESS		
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
EXEMPTION FROM CALL IN		
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 a copy of the Greater Manchester Combined Authority (GMCA) final single entity Statement of Accounts for 2020/21 and final group accounts for 2020/21. The accounts are provided in full as Appendix 1.
- 1.2 The report updates the committee on the changes since the draft accounts were published and confirms, subject to the committee's approval of the accounts and the unadjusted misstatements, that the final accounts are expected to be given an unqualified opinion from the authority's external auditors.
- 1.3 The Accounts and Audit Regulations issued by the Ministry for Housing, Communities and Local Government (MHCLG) set out the requirements for the production and publication of the annual statement of accounts. The regulations set out that the audited accounts are to be certified by the Treasurer as providing a true and fair view of the financial position of the authority as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

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 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 30th 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 31st 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 31st July 2021 (amended from 31st May)
 - Public inspection period for unaudited group accounts to start on or before first working day of August 2021 (amended from 1st June)
 - Publish final audited group accounts by 30th September 2021 (amended from 31st July)
- 2.4 Further to the September meeting of the GMCA Audit Committee the audited accounts were not completed in line with the timeline of the 30th September 2021 and are provided to the committee now for approval prior to the delayed publication. Whilst it is regrettable that the accounts could not be completed in time it is essential that the accounts are accurate and the audit of the accounts thorough and robust.
- 2.5 Since the September Audit Committee, it has been confirmed that only 8% of authorities met the 30th September 2021 deadline.

3. PRESENTATION OF THE ANNUAL ACCOUNTS

- 3.1 The GMCA single entity accounts contain the following sections:
- 3.2 The Treasurers Narrative sets out the background to the financial year including a summary of the Authority's outturn position. The Statement of Responsibilities for the Statement of Accounts which details the responsibilities of the Authority and the Treasurer.
- 3.3 The single entity statements and comprising:
- The Comprehensive Income and Expenditure Statement (CIES) which shows the accounting cost of the Authority's activities rather than the amount to be funded from grants, precepts the share of business rates, district contributions and the transport levy.
 - The Movement in Reserves Statement (MIRS) which explains the movement in the Authority's usable and unusable reserves during the financial year.
 - The Balance Sheet which shows the total assets, liabilities and reserves of the Authority as at the end of the financial year.
 - The Cash Flow Statement which shows the reasons for the change in cash and cash equivalents during the financial year.
- 3.4 Each statement is preceded by a note explaining its purpose and followed by comprehensive notes explaining the statements.
- 3.5 The single entity accounts are followed by the group accounts (Page 138)
- 3.6 The Group Accounts comprise the following key financial statements (with appropriate disclosures):
- Group Comprehensive Income and Expenditure Statement;
 - Group Movement in Reserves Statement;
 - Group Balance Sheet;
 - Group Cash Flow Statement.
- 3.7 The following bodies are consolidated alongside the GMCA single entity to create the group accounts:
- Chief Constable of Greater Manchester Police (GMP)
 - Transport for Greater Manchester (TfGM)
 - NW Evergreen Holdings Limited Partnership (NWEH)
 - Greater Manchester Fund of Funds Limited Partnership (FoFLP)
- 3.8 All intra-group trading, balances and unrealised gains and losses as at the end of the period are eliminated in full in the group accounts.

4 EXTERNAL AUDIT REVIEW OF THE ACCOUNTS

- 4.1 The draft accounts presented to the audit committee in September have been audited by GMCA's external auditors, Mazars. The audit completion report is included separately on the committee agenda and will be presented by Mazars, however following the review by external audit and ongoing management review of

the draft accounts, a number of potential amendments have been identified to the draft accounts published in September.

- 4.2 The accounts have been updated to reflect the majority of these amendments but in a limited number of cases the decision has been made not to adjust for specific issues.
- 4.3 The amendments are described below and the audit committee is asked to review the issues identified and to confirm support for the unadjusted misstatements described.

5 UNADJUSTED MISSTATEMENTS

- 5.1 There are two issues where the accounts have not been adjusted to reflect identified misstatements. These are not considered material and do not affect the reader's interpretation of the accounts. The external audit completion report confirms the approach taken to these issues.

i) Adjustment for firefighter pension liability

The authority was informed of a maximum potential impact of a current legal case concerning the firefighter's pension scheme. The impact of the case could have an impact on the GMCA pension liability which would equate to a maximum of £1,873k. Given this is an estimate, a maximum figure and is not material, management has decided not to adjust for this issue. There will be a further assessment of the firefighter's pension scheme liability in the 2021/22 accounts which will update for the latest expectation in the case.

ii) Correction of treatment of downward revaluation of an asset

The audit identified a downward revaluation of an asset had been treated as depreciation and therefore expenditure rather than an adjustment to the revaluation reserve. The figure was not material and the net impact of the changes do not affect the overall reading of the balance sheet

6 CHANGES TO THE DRAFT ACCOUNTS

- 6.1 There are a small number of changes that have been made to the draft accounts following the management and audit review.

i) Adjustments to GMP intercompany account

There have been two adjustments to the intercompany balances with Greater Manchester Police, these correct an error in the treatment of net and gross income between the two bodies (£8,813k) and update the accounting treatment of senior officer remuneration (£187k).

ii) Correction of treatment of Income for Metrolink in Group Accounts

There has been an adjustment to change the treatment of the £63,307k light rail grant from Government which was awarded directly to TFGM rather than

GMCA. This does not affect the bottom line in either the single entity or group accounts.

iii) North West Evergreen Holding

There has been an adjustment to correct the classification of a short term debtor relating to the NW Evergreen Holding account. This does not affect the overall balance sheet and was for £3,689k

iv) Other Disclosure adjustments

There are a small number of adjustments to the notes to the accounts as well as various minor corrections to typographical errors within the original draft. These are detailed in full in the audit completion report.

7 LETTER OF REPRESENTATION

7.1 Appendix 2 contains the proposed letter of representation from the GMCA Treasurer to the authority's external auditors. This is presented for the commit members to note.

8 RECOMMENDATIONS

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