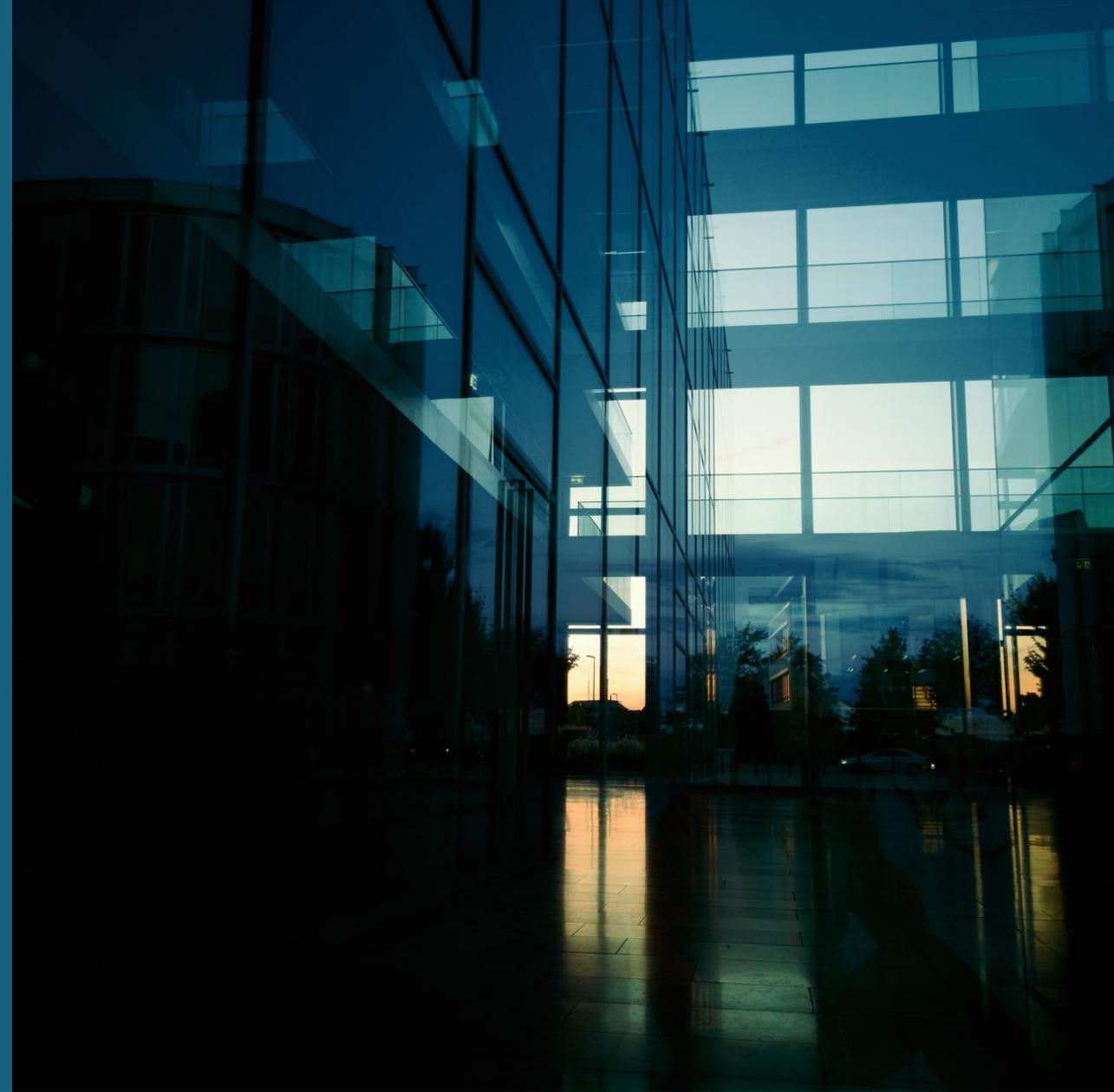


Audit Completion Report

Greater Manchester Combined Authority
– Year ended 31 March 2021

24 November 2021



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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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24 November 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;
- Net defined benefit liability valuation;
- Valuation 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 two unadjusted misstatements with a total net impact of £0.7m. 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 is substantially complete. At the time of preparing this report, a small number of matters remain outstanding as outlined in section 2. We will provide an update to you in relation to the 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 opinion.



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.

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Section 02:

Status of the audit

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
Cash Flow		We received a revised Cash Flow Statement from officers and are currently reviewing the audit adjustments.
Group Accounts		We are awaiting completion of the audit of the Chief Constable of Greater Manchester Police's financial statements.
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.

We will provide the Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.



03

Section 03:

Audit approach

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

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.

Significant risks

Management	Description of the risk
override of controls	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.
	How we addressed this risk
	We addressed this risk through performing audit work over: <ul style="list-style-type: none">• Accounting estimates impacting amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion
	Our audit work in relation to journal entries and accounting estimates is complete. There are no issues to bring to the Committee's attention.



4. Significant findings

Valuation of property, plant and equipment	<p>Description of the risk</p> <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 & 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> <hr/> <p>How we addressed this risk</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none">• assessing the Authority’s valuer’s scope of work, qualifications, objectivity and independence to carry out the Authority’s programme of revaluations;• 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;• 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;• 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;• reviewing the basis of valuation and confirm that this is appropriate and agrees to the asset register;• 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;• 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• 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. <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> <hr/> <p>Audit conclusion</p> <p>Our work in relation to property, plant and equipment valuations is complete. We identified one immaterial error where an asset’s downward revaluation was posted incorrectly as depreciation. As this is not material management have decided not to amend the financial statements. Further information on this error is included in section 6 of this report. There are no other matters to bring to the committee’s attention.</p>
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4. Significant findings

Net defined benefit liability valuation	<p>Description of the risk</p> <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>
	<p>How we addressed this risk</p> <p>Our procedures included:</p> <ul style="list-style-type: none">• 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);• 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;• 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• 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. <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>
	<p>Audit conclusion</p> <p>Our work in relation to pension liability valuations is complete. Through discussions with the Authority's actuaries we became aware of a legal case, <i>Walker vs Innospec Ltd and others</i>, which impacts on firefighters' pension schemes. The estimated impact of this is an increase in liabilities of less than 0.1% of the year-end liability balance. This has not been included in the Authority's pension liability estimate. The maximum estimated increase at 0.1% of liabilities is £1.873m which is not material. We have included this as an unadjusted misstatement in section 6 of this report. There are no other matters to bring to the committee's attention.</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.



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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Section 05:

Internal control recommendations

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
1 (high)	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
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	2
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	3



5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency

Our walkthrough testing of accounts receivable identified a weakness in the segregation of duties where individuals could both raise and approve sales invoices on the system.

Potential effects

A lack of appropriate segregation of duties increases the risk of erroneous or fraudulent transactions being posted to the ledger and remaining undetected.

Recommendation

All invoices should be approved prior to posting by a person other than the raising officer to ensure clear segregation of duties

Management response

Agreed, we will review roles following the recent restructure and ensure this is in place, this will be assessed as part of an upcoming Internal Audit review of accounts receivable.

Completion date - 31st March 2022

Responsible officer – Karen Macrae

Description of deficiency

No disaster recovery test had been performed by the organisation within the period.

Potential effects

A lack of disaster recovery testing increases the risk of business continuity failures, unavailability of systems or loss of data.

Recommendation

Management should ensure that disaster recovery testing is performed on an annual basis and considers a variety of scenarios.

Management response

We will consider the GMCA approach to disaster recovery testing alongside the creation of a back-up policy and EBS

Completion date - 31st March 2022

Responsible officer – Paul Wilkinson



5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

Our testing of journals identified a write off processed to clear an imbalance between the financial system and petty cash records, as the Authority was unable to match missing entries to receipts or supporting documentation. It should be noted that the amount written off was of low value (£311).

Potential effects

A lack of audit trail behind petty cash balances increases the risk of loss to the Authority.

Recommendation

1. Petty cash should be restricted to areas where handling physical cash is necessary, and the levels held in these areas should be reviewed regularly to confirm they remain appropriate.
2. All petty cash transactions should be supported by a full audit trail including receipts for purchases and a log of who approved and used petty cash balances.
3. Petty cash balances should be reconciled to the financial system on a regular basis.

Management response

Agreed, we will ensure petty cash policies and procedures reflect this as well as commencing a review of the requirement for petty cash to be held by the CA.

Completion date - 31st March 2022

Responsible officer – Lindsey Keech

Description of deficiency

Our testing of IT general controls noted there is no formal backup policy in effect at the Authority.

Potential effects

Failing to backup data on a regular basis increases the risk of business continuity failures, unavailability of systems or loss of data.

Recommendation

Management should consider developing a formal backup strategy that considers at least:

- A level of limited loss of data acceptable to the company;
- The data being backed up;
- The frequency and type of backup;
- The data restoration tests; and
- The data retention period.

2020/21 update

Agreed, GMCA will produce a formal back-up policy and is currently developing proposals for an Enterprise Back-up Solution (EBS) to be implemented in early 2022 if agreed.

Completion date - 31st March 2022

Responsible officer – Paul Wilkinson



5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

Our testing of IT general controls noted there is no formal change management policy in effect at the organisation.

Potential effects

A lack of a formal change management policy increases the risk of implementing developments containing bugs or not matching the business' requirements.

Recommendation

Management should consider developing a formal backup strategy that considers at least:

- a description of the management process of each type of change (normal / emergency change, parameter modifications, major data updates, new system implementation, etc.);
- the roles and responsibilities within the process;
- the control and validation steps.

Management response

Whilst there is no formal change management policy in place the external auditor acknowledged that the GMCA change management controls are very strong. We will consolidate the process into a formal Policy.

Completion Date – 31st March 2022

Responsible officer – Paul Wilkinson



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.



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.



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.



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.



06

Section 06:

Summary of misstatements

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 table 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. There are no additional unadjusted misstatements relating to the group accounts above the trivial threshold.

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

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Expenditure	1,873			
	Cr: Pension Liability				-1,873
	Being the maximum estimated impact of the Walker legal case on the Firefighters Pension Liability				
	Dr: Pensions Reserve			1,873	
	Cr: General Fund				-1,873
	Being the reserves adjustment relating to the Walker legal case.				
2	Dr: Revaluation Reserve			4,714	
	Cr: Property, Plant and Equipment				-2,140
	Cr: Expenditure		-2,574		
	Being the correction of the downward revaluation of an asset which had been incorrectly posted as depreciation.				
Total gross unadjusted misstatements		1,873	-2,574	6,587	-2,140
Total net unadjusted misstatements			-701	701	

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6. Summary of misstatements

Adjusted misstatements

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Funding provided by the Mayor to the Chief Constable to fund Police and Crime Services expenditure	8,813		
	Cr: Mayoral Policing Services expenditure	-8,813		
	To adjust the amount of funding allocated to the Chief Constable following audit adjustments in the Chief Constable's financial statements.			
2	Dr: Funding provided by the Mayor to the Chief Constable to fund Police and Crime Services expenditure	187		
	Cr: Short Term Creditors			-187
	To accrue for the full impact of the previous Chief Constable's exit package as it had been agreed prior to the year-end.			
3	Dr: Capital Adjustment Account		8,893	
	Cr: Capital Receipts Reserve			-8,893
	To reverse the reserve entries made in respect of loans incorrectly treated as capital expenditure.			
	Total gross adjusted misstatements	9,000	-8,813	8,893
	Total net adjusted misstatements	187		-187

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6. Summary of misstatements

Adjusted misstatements (group)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Highways and transport services expenditure	63,307			
	Cr: Highways and transport services income		-63,307		
To correct an intra-group adjustment processed in error relating to the Metrolink Support Grant.					
2	Dr: Cash and cash equivalents			3,689	
	Cr: Short Term Debtors				-3,689
To correct a misclassification of North West Evergreen Holdings debtors which had been included in the group cash balance.					
Total gross adjusted misstatements		63,307	-63,307	3,689	-3,689
Total net adjusted misstatements		-	-	-	-



6. Summary of misstatements

Disclosure amendments

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

- Various minor presentational, spelling and grammatical updates to the accounts;
- Cash Flow Statement – Various amendments identified to ensure consistency with other areas of the financial statements;
- Note 16 – Reclassification of a £1.359m grant from police revenue to capital grants;
- Note 18 – The Senior Officers Remuneration table has been updated to disclose the correct names where required;
- Note 19 – The analysis of valuations by year has been updated to agree to the latest valuation reports;
- Note 19 – The capital financing note has been updated following the adjustment set out on the previous page in relation to revenue loans previously treated as capital expenditure. In addition, the analysis previously omitted £42.753m of capital receipts;
- 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;
- Note 31 – Updated to remove the Metrolink Light rail grant which is an agency grant for GMCA and so should not be included;
- Note 44 – The audit fee for the Chief Constable’s accounts has been updated to agree to the single entity accounts;
- Note 45 – The senior officers remuneration table has been updated to match the revised accounting treatment for the Chief Constable’s remuneration;
- Note 55 – The Group Contingent Liabilities note has been updated to reflect the disclosures in TfGM’s accounts;
- Note 56 – The financial instruments note has been updated following the changes made to the Group Balance Sheet; and
- Note 60 – The Group Movement in Reserves table in the pensions note has been updated to include £36,344k of employers’ contributions.

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Section 07:

Value for Money

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.

As outlined in our Audit Strategy Memorandum, we identified one risk of significant weaknesses in arrangements, in relation to the Authority's response to the HMICFRS Report issued in December 2020. Our work on this risk remains in progress and we will complete this within three months of issuing our audit opinion.

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 within three months of issuing our audit opinion.

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 within three months of issuing our audit opinion.

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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:

- 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:
 - 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

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. This description forms part of our auditor's report.

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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.



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.

[Signature]

Mark Dalton - Key Audit Partner
For and on behalf of Mazars LLP
5th 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.



Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<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>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<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.
Going Concern	<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>



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>Matters 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 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.



Mark Dalton, Director – Public Services

mark.dalton@mazars.co.uk

Mazars

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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.