

Date: **8th September 2020**

Subject: **Unaudited Draft Statement of Accounts 2019/20**

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

PURPOSE OF REPORT

This report provides a copy of the Authority's unaudited Draft Statement of Accounts and sets out the process for approval of the audited statements.

RECOMMENDATIONS:

Audit Committee members are requested to note the Greater Manchester Combined Authority (GMCA) Unaudited Draft Statement of Accounts for 2019/20, which have been signed by the Treasurer.

Consider and comment on the letters from Mazar's in respect to the 2019/20 Audit – understanding those charged with governance processes and arrangements.

CONTACT OFFICERS:

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

Name: Rachel Rosewell
Position: Deputy Treasurer, GMCA
Tel: 07725 482865
E-mail: rachel.rosewell@greatermanchester-ca.gov.uk

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 a an impact on the Authority and Mayoral General / PCC reserves.

Legal Considerations – included in Section 3

Financial Consequences – Revenue – N/A

Financial Consequences – Capital – N/A

Number of attachments included in the report: 3

BACKGROUND PAPERS:

Non
GMCA, Churchgate House, 56 Oxford Street, Manchester, M1 6EU

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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 Authority's unaudited Statement of Accounts (appendix 3) and sets out the process for the approval of the audited Statements.

2. BACKGROUND

- 2.1 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 unaudited 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 2020 and its income and expenditure for the year ended 31 March 2020.
- 2.2 The unaudited accounts were certified by the Treasurer and published on the Authority's website on the 28th September. They were then passed to Mazars for the audit process to commence.
- 2.3 It is considered good practice that the Audit Committee should have the opportunity to consider the unaudited draft accounts prior to receiving the audited accounts for their approval.
- 2.4 The audited accounts together with the external audit report will be considered at the Audit Committee meeting in November 2020.

3. KEY ISSUES IN THE ANNUAL ACCOUNTS

- 3.1 On 3 April 2020 the Ministry of Housing, Communities and Local Government (MHCLG) wrote to Local Authorities confirming details of changes made to the *Accounts and Audit Regulations 2015* as a result of the Coronavirus (COVID-19) pandemic.
- 3.2 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.
- 3.3 Having considered the increasing impact that coronavirus is having on Local Authorities as they divert resources to support the community in these unprecedented times, MHCLG extended the statutory deadlines for local authorities to approve and publish their accounts for the 2019/20 financial year. The revised deadlines applicable to local authorities are as follows:
- Approve Draft Accounts by 31 August 2020 (previously 31 May);
 - Public Inspection Period to start on or before first working day of September 2020 (previously included first 10 working days of June);
 - Publish Final Audited Accounts by 30 November 2020 (previously 31 July).
- 3.4 The *Accounts and Audit (Coronavirus) (Amendment) Regulations 2020* have implemented these new deadlines by amending the *Accounts and Audit Regulations 2015* and came into force on 30 April 2020.

4. PRESENTATION OF THE ANNUAL ACCOUNTS

- 4.1 The annual accounts contain the following sections:
- 4.2 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.
- 4.3 The first section covers the single entity statements and comprises:
 - 4.4 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.
 - 4.5 The Movement in Reserves Statement (MIRS) which explains the movement in the Authority's usable and unusable reserves during the financial year.
 - 4.6 The Balance Sheet which shows the total assets, liabilities and reserves of the Authority as at the end of the financial year.
 - 4.7 The Cash Flow Statement which shows the reasons for the change in cash and cash equivalents during the financial year.
 - 4.8 Each statement is preceded by a note explaining its purpose and followed by comprehensive notes explaining the statements.
 - 4.9 The single entity statements are followed by supplementary statements including the following sections:
 - Police Pension Fund
 - Fire Pension Fund
 - Mayoral Police Fund
 - Mayoral General Fund
 - 4.10 The group accounts follow the supplementary statements and these show the full extent of the Authority's economic activities by reflecting the Authority's involvement with its group companies and organisations. The reasons for including / excluding various bodies in the group consolidation are set out in note 1 of the accounts – accounting concepts and policies.

5. 2019/20 AUDIT – UNDERSTANDING THOSE CHARGED WITH GOVERNANCE PROCESSES AND ARRANGEMENTS

- 5.1 Mazar's have issued letters to the Chair of the Audit Committee and the Treasurer, The response to the letters are attached in appendix 1 and 2 for discussion and any comments that need to be considered.

6. RECOMMENDATIONS

- 6.1 Members are requested to note the unaudited Annual Accounts 2019/20 which have been signed by the Treasurer to the GMCA.
- 6.2 Consider and comment on the letters from Mazar's in respect to the 2019/20 Audit – understanding those charged with governance processes and arrangements.