

Report to:	AUDIT PANEL
Date:	9 November 2021
Executive Member / Reporting Officer:	Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance
Subject:	EXTERNAL AUDIT COMPLETION REPORT
Report Summary:	This report highlights the key matters arising from Mazars' external audit of the 2020/21 financial statements for both Tameside MBC (TMBC) and the Greater Manchester Pension Fund (GMPF).
Recommendations:	It is recommended that Panel: <ul style="list-style-type: none"> 1. Considers the matters raised in the reports; 2. Approves the adjustments and presentational changes to the accounts, as detailed in in the Audit Completion Reports (Appendix 1 – TMBC, Appendix 2 – GMPF); 3. Confirm that the Council has complied with all matters set out in the Letters of Representation (Appendix A to the Audit Completion reports) which will be signed by the Director of Finance and Chair of Audit Panel once External Audit have concluded their work on the Council's Property, Plant and Equipment.
Corporate Plan:	The Corporate Plan determines priorities for spending which is summarised in the 2020/21 accounts.
Policy Implications:	There are no direct policy implications flowing from the Statement of Accounts.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The Statement of Accounts 2020/21 provides full details of the Council's and Greater Manchester Pension Fund's financial position at 31 March 2021 and its income and expenditure for the year ended 31 March 2021. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards. These accounts were required to be prepared by 31 July 2021 and are subject to external audit. The final audit Statement of Accounts will be published on the Council's website and included in the Greater Manchester Pension Fund Annual Report.
Legal Implications: (Authorised by the Borough Solicitor)	Members need to satisfy themselves that the Council has complied with all matters set out in the letters of representation.
Risk Management:	The external audit provides verification of the Council's financial statements. By producing the annual Statement of Accounts, the Council aims to give all interested parties confidence that the public money that has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

Access to Information:

The report is to be considered in public.

Background Information:

Appendices:

- 1) Tameside Council Audit Completion Report
- 2) Greater Manchester Pension Fund Audit Completion Report

The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner



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1. BACKGROUND

- 1.1 The Audit Completion Reports for Tameside MBC and the Greater Manchester Pension Fund, as attached at **Appendices 1 and 2**, present the findings and observations arising from the external audit of the Council and Pension Fund financial statements. The Audit Completion Reports are prepared by the external auditors, Mazars.
- 1.2 External audit are required to report on:
- whether the Council's financial statements give a true and fair view of the Council's financial position and the expenditure and income for the year;
 - whether the Pension Fund's financial statements give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and
 - whether the financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting, and the Local Audit and Accountability Act 2014.
- 1.3 External audit also report on whether other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or knowledge obtained in the audit or otherwise appears to be materially misstated.
- 1.4 Many of the terms used in the Audit Findings Report are defined and have precise meanings. External audit apply the concept of materiality to determine the significance of any errors or amendments to the draft financial statements. Items are considered to be material if they could affect how a reader of the accounts might interpret or use the information presented in the accounts.
- 1.5 Materiality is specific to each Council, but any recommended changes must be considered for their individual and overall impact on the accuracy of the accounts as well as for the specific value of the change. The levels applied for assessing the materiality and potential impact of changes are set out in the Audit Completion reports.

2. AUDIT FINDINGS

- 2.1 The audit of the Council's accounts is substantially complete and an update will be provided to the Audit Panel at the meeting on 9 November 2021. External Audit are finalising responses to queries with the Council's external valuers in respect of Property, Plant and Equipment and Investment Property. Mazars anticipate issuing an unqualified audit opinion before the end of November 2021.
- 2.2 There is one amendment to the Financial Statements which results in a change to the Council reserve levels. Due to a change in accounting regulations with effect from 1 April 2020, the Dedicated Schools Grant (DSG) reserve is no longer held as part of the Council's usable reserves, but is instead reflected as an 'unusable' reserve. This change in accounting was not reflected in the draft accounts published in July 2021. The DSG reserve is a deficit balance of £1.686m and therefore the movement of the balance from useable to unusable reserves has the effect of increasing the Council's overall useable reserves by the same amount.
- 2.3 A number of presentational amendments have been made to the Statement of Accounts to improve disclosure, and correct some internal inconsistency. No changes have been required that fundamentally alter any assessment of the Council's financial position at 31 March 2021 or its income and expenditure for the year then ended. No issues have been identified, which cast fundamental doubt on the overall adequacy of the financial records and the accounts maintained by the Council. The presentational adjustments recommended by

external audit have also helped to improve the overall quality of the accounts and have not impacted on the financial position reported.

GMPF

- 2.4 The audit of the Greater Manchester Pension Fund accounts is substantially complete. Mazars anticipate issuing an unqualified audit opinion before the end of November 2021.
- 2.5 There are two amendments to the financial statements which impact on the Net Assets Statement and Fund Account as set out in section 6 of the Audit Completion report. The overall impact of these two amendments is to increase the Net Assets of the Greater Manchester Pension Fund by £3.823m. A small number of other presentational amendments have been agreed, which improve the overall quality and presentation of the financial statements.

3. LETTER OF REPRESENTATION

- 3.1 Included within the Audit Completion reports at Appendix A are the letters of representation required by External Audit. The Panel are asked to confirm that the Council has complied with all matters set out in the Letter of Representation and ensure that a signed version is forwarded to the External Auditor. The Letters are signed by the Chair of Audit Panel and the Director of Finance.

4. VALUE FOR MONEY

- 4.1 In previous years, the Value for Money Conclusion has been issued at the same time as the audit opinion on the financial statements. As set out in section 7 of the TMBC Audit Completion report, this external auditor's commentary on arrangements to secure value for money will be provided in the Auditor's Annual Report, which is due to be issued within three months of issuing the audit opinion on the accounts.

5. RECOMMENDATIONS

- 5.1 As set out at the front of the report.