

Report To:	OVERVIEW (AUDIT) PANEL
Date:	30 July 2018
Reporting Officer:	Cllr Fairfoull – Executive Member (Performance and Finance) Kathy Roe – Director of Finance Tom Wilkinson – Assistant Director of Finance
Subject:	AUDIT FINDINGS REPORT (ISA 260) TAMESIDE MBC AND GREATER MANCHESTER PENSION FUND
Report Summary:	This report highlights the key matters arising from Grant Thornton’s audit of the 2017/18 financial statements for both Tameside MBC and Greater Manchester Pension Fund. This report also incorporates the annual Value for Money conclusion.
Recommendations:	It is recommended that the Panel: <ol style="list-style-type: none"> 1. Consider the matters raised in the reports. 2. Agrees to the adjustments and presentational changes to the accounts, as detailed in the Audit Findings report (Appendix 1 and Appendix 2). 3. Notes the value for money conclusion included in the Audit Findings report (Appendix 1). 4. Confirms that the Council has complied with all matters set out in the Letter of Representation and ensure that a signed copy is forwarded to the External Auditor (Appendix 3 and Appendix 4).
Financial Implications: (Authorised by the Section 151 officer)	The Statement of Accounts 2017/18 provide full details of the Council’s financial position at 31 March 2018 and its income and expenditure for the year ended 31 March 2018. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards. The Council was required to prepare draft financial statements by 31 May 2018. These draft financial statements have been subject to external audit and must be approved by the Overview (Audit) Panel by 31 July 2018.
Legal Implications: (Authorised by the Borough Solicitor)	This is the annual report/assessment prepared by our external auditors following the audit of the financial statements/accounts and consideration of the Council’s financial resilience. It is a key tool is assessing how well the Council is performing in respect of its finance and governance.
Links to Community Strategy:	The Community Strategy helps to determine Council priorities for spending which is summarised in the 2017/18 accounts.
Policy Implications:	There are no policy implications flowing from the Statement of Accounts.

Risk Management:

The audit provides external 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 background papers relating to this report can be inspected by contacting the report writer, Heather Green, Finance Business Partner by:



Telephone: 0161 342 2929



e-mail: heather.green@tameside.gov.uk

1. BACKGROUND

- 1.1 The Audit Findings Reports (ISA260) 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, and the Value for Money conclusion. The Audit Findings Reports are prepared by the external auditors, Grant Thornton.
- 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;
 - 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; and
 - to provide a conclusion in respect of the Council's arrangements for taking properly informed decisions, and to deploy resources to achieve planned and sustainable outcomes for tax payers and local people (the 'Value for Money' conclusion).
- 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. For Tameside MBC, amounts of £478,000 or less are regarded as 'trivial'. Amounts, which are above this level but (in total) less than about £9.5 million are described as 'non-trivial'. Cumulative amounts above £9.5 million are regarded as material, although this may vary for different statements. For the Pension Fund, which has a fund value of more than £22 billion, amounts of £10.6 million or less are regarded as 'trivial'. Amounts, which are above this level but (in total) less than about £212 million are described as 'non-trivial'. Cumulative amounts above £212 million are regarded as material, although this may vary for different statements.

2. AUDIT FINDINGS

Tameside MBC Financial Statements

- 2.1 The external audit of the Council's accounts is substantially complete and subject to conclusion of some areas of work. Grant Thornton anticipates issuing an unqualified audit opinion following the Overview (Audit) Panel meeting on 30 July 2018.
- 2.2 There is one non-trivial amendment to the financial statements as set out in Appendix A to the Audit Findings report (**Appendix 1**). This amendment is not material and does not have a fundamental impact on the financial position of the Council. The effect of the amendment is to reduce the value of non-current assets relating to School buildings. The amendment does not impact on the Council's financial position or the level of usable reserves. A

number of other presentation amendments have been agreed, which improve the overall quality and presentation of the Statement of Accounts.

Pension Fund Financial Statements

- 2.3 The external audit of the Pension Fund accounts is substantially complete and subject to clearance of outstanding queries. Grant Thornton anticipates issuing an unqualified audit opinion following the Overview (Audit) Panel meeting on 30 July 2018. There are no amendments to the financial statements. A number of other presentation amendments have been agreed, which improve the overall quality and presentation of the Statement of Accounts.

3. LETTER OF REPRESENTATION

- 3.1 **Appendix 3** includes the Council's Letter of Representation for 2017/18 for Tameside and **Appendix 4** for the Pension Fund. 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.

4. VALUE FOR MONEY

- 4.1 Grant Thornton is also required to provide a value for money conclusion. The conclusion as set out in the Audit Findings Report (**Appendix 1**) follows a review of the arrangements put in place by the Council. External audit are required to evaluate whether:

'In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for tax payers and local people.'

- 4.2 External Audit has focused their work on the Council's response to the OFSTED inspection of Children's Services in December 2016. The Audit Findings report summarises the work undertaken and the conclusions reached. External Audit plan to issue an 'except for' Value for Money conclusion, stating that the Council had proper arrangements in place in all significant respects, except for matters relating to the OFSTED inadequate rating for Children's Services.

5. RECOMMENDATIONS

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