



The Audit Findings for Tameside Metropolitan Borough Council

Year ended 31 March 2013

28 August 2013

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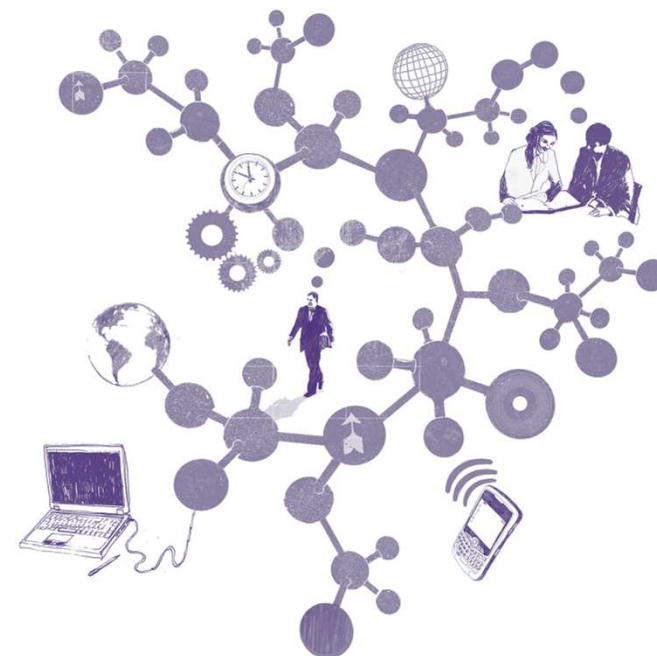
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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Section 1: Executive summary

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Executive summary

Purpose of this report

This report highlights the key issues affecting the results of Tameside Metropolitan Borough Council (the Council) and the preparation of the Council's financial statements for the year ended 31 March 2013. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing (UK & Ireland) 260.

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money Conclusion).

Introduction

We communicated in our Audit Plan, dated 3 May 2013, our planned audit approach. As we noted in the Plan we raised a recommendation in respect of the Council finalising its accounting approach to its investment in the two Inspiredspaces companies. The Council concluded that - as a result of the increased investment in year - group accounts should be produced for 2012-13. We discuss our findings on the Council's group accounts in section two of this report. There are no other changes to highlight from our Audit Plan presented to the Council in May 2013.

Our audit of the Council's financial statements is nearing completion although we are finalising our procedures in the following areas:

- completing our audit of the Collection Fund
- finalising certain elements of the group accounts and related party transactions audit work
- completing our journals testing
- finalising aspects of the income and expenditure and balance sheet audit work
- updating the manager and engagement lead review of our audit file

- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, including key Council meeting minutes, to the date of signing the opinion.

We received the draft financial statements and accompanying working papers on 30 June - the statutory deadline. We are pleased to report that the financial statements and supporting working papers submitted for audit were of an improved quality from the prior year. However, we have raised some recommendations in relation to strengthening working papers to support provisions, contingent liabilities and consideration of post balance sheet events.

Key audit and financial reporting issues

Financial statements opinion

We identified and discussed a small number of adjustments affecting the Council's primary statements (details of the audit adjustments are recorded in section two of this report). The most significant change made to the accounts was an increase in the pension fund liability and associated reserve of £53m as a result of aligning the Council's pension fund calculation with all the other local authority members of the Greater Manchester Pension Fund. It is important to note that this adjustment - and indeed all other processed audit adjustments - do not impact on the General Fund or level of useable reserves of the Council.

In addition to the agreed audit adjustments, we also identified a small number of proposed adjustments which management is not proposing to adjust on the basis that they are immaterial to the Council's overall financial position. The 'unadjusted misstatements' are included in section two and the Overview (Audit) Panel should decide whether or not to process the proposed audit adjustments and minute the basis of its decision.

We also identified a small a number of amendments to enhance disclosures and the presentation of the accounts and some of the more significant presentational changes are detailed in section two.

The key messages arising from our audit of the Council's financial statements are:

- the draft accounts and working papers were an improvement from the prior year and we will be working closely with the finance team to further enhance the process for 2013-14
- the audit did not identify any material misstatements that impacted on the level of useable reserves
- the audit identified a small number of adjustments and presentational changes and a small number of unadjusted misstatements.

Further details are set out in section two of this report.

Value for Money (VFM) conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VFM conclusion.

Further detail of our work on Value for Money is set out in section three of this report.

Whole of Government Accounts (WGA)

Our WGA work is due to commence upon receipt of the Council's submission pack, expected at the beginning of September. We plan to carry out our work as soon as the pack has been received from the Council. We anticipate completing our WGA review alongside our completion work on the main accounts in order that we can issue our opinions on the accounts and WGA submission on the same date towards the end of September.

Controls

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Whilst our work has not identified any significant control weaknesses within the Council's financial systems our audit did identify a limited number of areas where controls and/or procedures could be enhanced. Further details are provided within section two of this report with corresponding recommendations highlighted in the Action Plan at Appendix A.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Assistant Executive Director of Finance and senior finance team throughout the audit.

This report has been discussed and agreed with the Assistant Executive Director of Finance and his senior finance team at the accounts meeting on 3 September 2013 and is due to be presented to the Overview (Audit) Panel on 16 September 2013. We will provide a verbal update to the Overview (Audit) Panel on any significant developments in our audit findings between the accounts meeting and the Panel.

We anticipate providing an unqualified opinion on the Council's financial statements, following approval of the accounts by the Audit Panel on 16 September 2013. Our proposed audit opinion is included at Appendix B and the draft Letter of Representation is attached at Appendix C.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Section 2: *Audit findings*

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Overview of audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Panel in May 2013. We also set out the adjustments to the financial statements from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you except for the area of group accounts, as already discussed in the executive summary. We highlighted in our Audit Plan that the Council was considering how it should account for its investment in two companies (Inspiredspaces Tameside Holdings1 and Holdings2 Ltd). The Council concluded that the investments met group accounts requirements and consequently prepared group accounts for the first time.

Given that group accounts was a change to our audit approach, and a new accounting transaction for the Council, we have included the matter as an 'audit finding against a significant risk' on page 12 of this report.

Audit opinion

We anticipate that we will provide the Council with a standard unqualified opinion. Our proposed audit opinion is set out at Appendix B.

An audit focused on risks

A summary of our audit approach on the key areas of the Council's accounts is shown in the table below. The table represents an assessment of risk and resultant audit work carried out (if any) in relation to each item in the statement of accounts. The firm's overall audit methodology for metropolitan councils is tailored to reflect local circumstances at each audit.

Account	Transaction cycle	Material misstatement risk?	Description of risk identified in the Audit Plan	Change to the audit plan?	Audit findings
Cost of services - operating expenses	Operating expenses	Yes – medium risk	Operating expenses understated	No	Yes – see page 13 for summary of work done
Cost of services - employee remuneration	Employee remuneration	Yes – medium risk	Remuneration expenses not correct and tax obligations understated	No	Yes – see page 13 for summary of work done
Costs of services - Housing & council tax benefit	Welfare expenditure	Yes – medium risk	Welfare benefits improperly computed	No	Yes – see page 14 for summary of work done
Cost of services – other revenues (fees & charges)	Other revenues	No		No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk identified in the Audit Plan	Change to the audit plan?	Audit findings
(Gains)/ Loss on disposal of non current assets	Property, Plant and Equipment	No		No	None
Payments to Housing Capital Receipts Pool	Property, Plant & Equipment	No		No	None
Precepts and Levies	Council Tax	No		No	None
Return on Pension assets	Employee remuneration	No		No	None
Impairment / Revaluation of Investments	Investments	Yes – medium risk	Revaluation measurements not correct	No	Yes – see page 14 for summary of work done
Investment properties: Income expenditure, valuation, changes & gain on disposal	Property, Plant & Equipment	No		No	None
Income from council tax	Council Tax	No		No	None
NNDR Distribution	NNDR	No		No	None
PFI revenue support grant & other Government grants	Grant Income	No		No	None
Capital grants & Contributions (including those received in advance)	Property, Plant & Equipment	No		No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk identified in the Audit Plan	Change to the audit plan?	Audit findings
(Surplus)/ Deficit on revaluation of non current assets	Property, Plant & Equipment	No		No	None
Actuarial (gains)/ Losses on pension fund assets & liabilities	Employee remuneration	No		No	None
Other comprehensive (gains)/ Losses	Revenue/ Operating expenses	No		No	None
Property, Plant & Equipment	Property, Plant & Equipment	Yes – medium risk	PPE activity not valid and/or improperly expensed	No	Yes – see page 14 for summary of work done
Property, Plant & Equipment	Property, Plant & Equipment	Yes – medium risk	Revaluation measurements not correct	No	Yes – see page 14 for summary of work done
Heritage assets & Investment property	Property, Plant & Equipment	No		No	None
Intangible assets	Intangible assets	No		No	None
Investments (long & short term)	Investments	Yes – medium risk	Revaluation measurements not correct	No	Yes – see page 14 for summary of work done
Debtors (long & short term)	Revenue	No		No	None
Assets held for sale	Property, Plant & Equipment	No		No	None
Inventories	Inventories	No		No	None
Cash and Cash Equivalents	Bank & Cash	No		No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk identified in the Audit Plan	Change to the audit plan?	Audit findings
Borrowing (long & short term)	Debt	No		No	None
Creditors (long & short term)	Operating Expenses	Yes – medium risk	Creditors understated or not recorded in the correct period	No	Yes – see page 13 for summary of work done
Provisions (long & short term)	Provision	No		No	Yes – see page 16 for summary findings
Pension liability	Employee remuneration	No		No	Yes – see page 17 for summary findings
Reserves	Equity	No		No	Yes – see page 17 for summary findings

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan together with our summary of audit work and findings on the additional significant risk of the Council's newly constituted group accounts. As we noted in our plan, the first two are presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p>Improper revenue recognition:</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p>	<p>Our work to address this presumed risk included:</p> <ul style="list-style-type: none"> • review and testing of revenue recognition policies • testing of material revenue streams • review of unusual significant transactions. 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls:</p> <p>Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p>Our work to address this presumed risk included:</p> <ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management • testing of journal entries • review of unusual significant transactions. 	<p>Our audit work to date has not identified any evidence of management override of controls. We will update the Overview (Audit) Panel with the findings of our review of journal controls and testing of journal entries once this work is completed.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements and associated recommendations.</p>
3.	<p>Group Accounts:</p> <p>The Council has prepared group accounts for the first time in 2012-13. This is as a result of the Council's acquisition of £2.36m of shares in Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd. Prior to 2012-13, the Council was represented on the Boards of both companies but only had a small stake in each of the companies which did not give rise to a significant controlling influence.</p> <p>Following the share purchase, the Council now has a significant influence over both companies.</p>	<p>Our work to address this additional significant risk included:</p> <ul style="list-style-type: none"> • review of the work of the third party engaged by the Council to inform the group accounts production • review of the Council's consolidation adjustments against the Code and relevant Accounting Standards • review of the group disclosures in the accounts. 	<p>Our audit work completed to date has not identified any significant issues in relation to the risk identified.</p> <p>The Council has accounted for its group accounts in a materially appropriate manner.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan.




Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Operating expenses understated	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documentation of our understanding of processes and key controls over the transaction cycle • walkthrough of the key controls to determine if those controls are designed effectively • substantive testing of sample of expenses. 	Our audit work to date has not identified any significant issues in relation to the risk identified.
Operating Expenses	Creditors understated or not recorded in the correct accounting period	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documentation of our understanding of processes and key controls over the transaction cycle • walkthrough of the key controls to determine if those controls are designed effectively • substantive testing of creditors including post year end payment for cut-off. 	Our audit work to date has not identified any significant issues in relation to the risk identified.
Employee remuneration	Remuneration expenses not correct and tax obligations understated	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documentation of our understanding of processes and key controls over the transaction cycle • walkthrough of the key controls to determine if those controls are designed effectively • substantive testing of sample of 60 items of salary payments to employees, agreeing back to corroborating documentation, for example, job description and signed contracts. 	Our audit work to date has not identified any significant issues in relation to the risk identified

Audit findings

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Welfare expenditure	Welfare benefits improperly computed	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documentation of our understanding of processes and key controls over the transaction cycle walkthrough of the key controls to determine if those controls are designed effectively substantive testing of a sample of benefit payments to individual claimants to support our audit opinion on the accounts and our certification of the Housing Benefit Subsidy claim. 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p> <p>There are some issues noted from our testing of individual benefit claimants but these are not material to the Council's accounts. We will report our findings from the Housing Benefit work in our Grants Report later in the year.</p>
Revaluation of Investments	Revaluation measurements not correct	We have reviewed the work of the Council's expert on the valuation of the Council's non voting minority shareholding in the Manchester Airport Group (MAG).	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p> <p>We are not minded to challenge the Council's view that a Prior Period Adjustment for the revaluation of MAG investments at 31 March 2012, is impractical with reference to recognised valuation standards as the Council was aware that the nature of the company in which the shareholding was held might change fundamentally. There is no impact on the Council's revenue position or useable reserves arising from this decision.</p>
Property, Plant & Equipment (PPE)	<p>PPE activity not valid or improperly expensed</p> <p>Revaluation measurement not correct</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documentation of our understanding of processes and key controls over the transaction cycle walkthrough of the key controls to determine if those controls are designed effectively substantive testing of property, plant and equipment, including existence testing a review of PPE additions and disposals to ensure that these occurred during the year and were correctly accounted for work to gain assurance that the depreciation charge for the year has not been materially misstated reviewed the work of the Council's expert property valuer and how its report has been accounted for by the Council. 	<p>Our audit work has not identified any material issues in relation to our work on PPE. However, there are some issues arising from our audit of PPE and these are referred to later in this report and in corresponding recommendations in the Action Plan.</p> <p>We have reviewed the Council's accounting treatment of the revaluation during our final accounts fieldwork. We have concluded that the revaluation of the Council's land and buildings has been accounted for in line with the Code and IAS16.</p> <p>Judgement has been applied by the Council's external valuer in revaluing the land and property assets. To provide us with assurance over the judgements used and reported results, we reviewed the work of the external valuer.</p> <p>We are satisfied that the valuation was performed by appropriately qualified experts in accordance with the RICS Valuation Professional Standards and that there is no significant risk that the values of the Council's land and buildings are materially misstated in the financial statements.</p>

Accounting policies, estimates & judgements and other issues

In this section we report on our consideration of accounting policies, in particular key estimates and judgements made and included with the Council's financial statements and other issues that have arisen as part our year-end audit. Recommendations, together with management responses, are attached at Appendix A.

Accounting area	Summary of issue	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> Revenue from the provision of services is recognised when the Council can measure reliably the level of completion of the transaction and it is probable that benefits will flow to the Council Government Grants are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments. 	The Council's policy is appropriate and consistent with the relevant accounting framework set out in the CIPFA Code. Minimal judgement is involved and the Council accounting policy is appropriately disclosed.	 Green
Judgements and estimates	<ul style="list-style-type: none"> Key estimates and judgements include: <ul style="list-style-type: none"> – useful life of capital equipment – pension fund valuations and settlements – revaluations – impairments – provisions and contingent liabilities – review for post balance sheet events. 	<p>We have noted the 'accounting policies and estimates' paper that was presented to the Audit Panel in May 2013 and see this as good practice by the Council to highlight to members those areas of the accounts that are subject to estimate and judgement.</p> <p>In our audit work we have, however, noted that there is scope to improve the documentation of the Council's judgement in respect of accounting for provisions and contingent liabilities and reviewing for events after the balance sheet date.</p> <p>Given the potential impact that provisions and crystallising contingent liabilities could have on the Council's financial position, we recommend that formal consideration of these areas is reflected in working papers that assess each case against the Accounting Standard IAS37. [Rec 1]</p>	 Amber
Accounting policies	<ul style="list-style-type: none"> The Council has adopted accounting policies in accordance with the Local Government Code of Accounting Practice. 	We have reviewed the Council's policies against the Code and do not have any comments to make. We note that the Council's accounting policies have been presented to and agreed by the Overview (Audit) Panel.	 Green

Assessment

 Marginal accounting policy which could potentially attract attention from regulators

 Accounting policy appropriate but scope for improved disclosure

 Accounting policy appropriate and disclosures sufficient

Accounting policies, estimates & judgements and other issues

Accounting area	Summary of issue	Comments
<p>Depreciation and impairment of surplus assets</p>	<p>During our review of the Council's £36.8m of surplus assets it was noted that no depreciation had been charged against these assets. The Council did not have a split of the land and buildings element of surplus assets (which would establish the proportion of land values that would not be subject to depreciation).</p> <p>In addition, over half the total valuation of surplus assets relates to two schools that are derelict following the building of new PFI funded schools in their place, suggesting that these assets should be subject to impairment review.</p>	<p>We are of the view that the surplus asset population should be subject to an impairment review and that an element of depreciation should be charged. The Council has acknowledged this and has agreed an adjustment of £15.2m to impair the two former schools to their residual value. The Council has not charged any depreciation on surplus assets on the basis that latest information to do this is not currently available.</p> <p>It should be noted that impairment charges and depreciation, whilst resulting in a charge to the Comprehensive Income and Expenditure Statement, does not impact on the Council's General Fund or its level of useable reserves.</p> <p>As such, we have raised a recommendation in the Action Plan to ensure this issue is resolved by the Council in time for the 2013-14 accounts. [Rec 2]</p>
<p>PFI schools gaining academy status – possible future accounting issue impacting on the Council</p>	<p>An emerging issue nationally relates to the treatment of liabilities currently held by councils towards PFI funded schools, should any of these convert to academy status. The issue is in relation to whether local authority PFI school schemes would constitute an onerous contract should any school convert to academy status and therefore move outside of local authority control.</p> <p>There are some suggestions that the service charge element of PFI school contracts should be written off to revenue upon transfer of status of the school as the local authority would no longer be receiving any benefit from the PFI contract as academies are outside of council control.</p>	<p>The issue of potential onerous contracts for PFI schools that convert to academy status is currently subject to national debate within the audit sector. We will update the Council in 2013-14 as soon as any formal decisions on this issue are taken. Although there are currently no PFI schools that have converted to academy status in Tameside, this could change in the future.</p> <p>We understand that the Council recognises the possible risks arising from PFI schools converting to academy status and this has partly resulted in the relatively low conversion rate of academies within the Borough.</p> <p>Given the potentially significant impact of this issue for the Council, we have raised a recommendation in the Action Plan in order to ensure the Council continues to review developments on this issue and to mitigate any potential liabilities. [Rec 3]</p>
<p>Unequal Pay Back Pay provision</p>	<p>The Council is showing a provision at 31 March 2013 in relation to equal pay back pay. We believe that it is highly uncertain that the full amount will need to be applied during the next 12 months.</p>	<p>Whilst we are satisfied that there is no material misstatement in the Council's equal pay provision, we have discussed the Council's calculation of the provision with the Borough Solicitor and Assistant Director of Finance.</p> <p>We believe that the Council should review the split of the provision between current and long-term liabilities and review the documentation and methodology used to calculate the Council's best estimate of the provision.</p>

Adjusted misstatements

A small number of adjustments to the draft financial statements have been identified during the audit process. The table below summarises the adjustments arising from the audit which have been processed by management along with the impact on the key statements and the Council's reported financial position.

Detail	Comprehensive Income & Expenditure Account £000	Balance Sheet £000	Impact on the level of useable reserves
<p>1 Accounting for the Pension Fund deficit: The draft accounts showed a deficit on the Council's share of the Pension Fund of £228m. The Council initially asked the actuary to provide a valuation of its share of the Pension Fund based, in part, on a lower rate of increase in salaries by comparison to other Greater Manchester (GM) authorities. We discussed this matter with the Council and, ultimately, the Council requested an updated valuation on the same basis as other GM authorities. This resulted in an increase in the Pension Fund deficit within the Council's accounts by £53m to £281m. It is important to note that this adjustment does not affect the triennial valuation of the Fund. [Rec 4]</p>		-53,000 (increase in the pension fund liability and decrease in the level of un-useable reserves)	No impact on the General Fund or useable reserves
<p>2 Four assets with a negative Net Book Value (NBV) of £1.3m: During our review of the Council's PPE we noted four assets with a combined negative NBV of £1.3m. Given that assets cannot have a negative NBV we raised an adjustment to reverse this and to show the assets at their appropriate value – an adjustment of £2.56m was agreed. We recommend that the Council reviews its fixed asset register to ensure that negative assets values do not occur in 2013-14. [Rec 5]</p>	-2,556 (reduction in depreciation in the CIES but subsequently reversed out before impacting on the general fund)	+2,556 (increase to PPE)	No impact on the General Fund or useable reserves
<p>3 Surplus Assets impairment & depreciation: During our review of the Council's £36.8m of surplus assets it was noted that no depreciation had been charged against these assets. In addition, over half the total valuation of surplus assets relates to two schools that are derelict following the building of new PFI funded schools in their place, suggesting that these assets should be subject to impairment review. The Council has impaired the two former schools by £15.2m to reduce their value to their residual amount. The Council has not charged any depreciation against surplus assets as information to do this is not currently available.</p>	+15,194 (increase to impairment charge in the CIES of £11.3m, then reversed out in order not to impact on the General Fund and impairment & impairment of £3.9m charged to the revaluation reserve)	-15,194 (reduction in surplus assets value in the balance sheet)	No impact on the General Fund or useable reserves
<p>Overall impact: A charge to the CIES of £12.9m and a reduction in the net worth of the balance sheet of £65.9m</p>	12,938	65,938	None

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. This excludes amendments of a typographical nature.

Adjustment type	Value £'000	Account balance	Summary of the change and impact on the financial statements
1 Disclosure	2	School Balances Note 28	The Council prepared its draft accounts at a time when school balances were being finalised and an estimated balance was included. The process was completed during our audit and an adjustment of £2k to decrease the schools balances has been processed.
2 Disclosure	nil	Revaluations Note 16	The table showing the timing of the Council's revaluation of its property, plant and equipment has been amended to show the appropriate timings when revaluations took place.
3 Disclosure	5 (net change)	External Audit Costs Note 47	The presentation of this note was amended to reflect the level of audit and non-audit fees payable by the Council to Grant Thornton in 2012-13.
4 Disclosure	nil	Financial Instruments Note 21A	To include the description of 'Available for Sale' as a sub-category of the Council's investments in Manchester Airport and Inspiredspaces Tameside.
5 Disclosure	nil	Long Term Debtors Note 20	To include an additional sub-section of this note to explain the long term debtor in respect of Inspiredspaces Tameside.
6 Disclosure	nil	Critical Judgements Note 3	To expand on the section within note 3 on accounting for schools, to note that the land values of Voluntary Aided and Voluntary Controlled schools are included in the Council balance sheet even though the physical school buildings are not.
7 Disclosure	nil	Group Accounts	Given that the Council's group accounting arrangements commenced in 2012-13, we suggested that the comparative 'nil entries' for 2011-12 should be deleted.
8 Disclosure	nil	Annual Report & Summary Accounts	We were pleased that the Council has decided to prepare an Annual Report and Summary Financial Statements in order to make the accounts more accessible to the public. We discussed a small number of presentational changes to the document which were agreed and processed by the Council.
9 Disclosure	nil	Manchester Airport Note 21A	An update to the narrative disclosure to reflect that the financial statements for the airport become available during the period between the draft and final Council accounts.



Unadjusted misstatements

The table below provides details of the adjustment identified during the audit but which was not been made within the final set of financial statements. The Audit Panel is required to approve management's proposed treatment of the item recorded within the table below:

Detail	Comprehensive Income and Expenditure Account £000	Balance Sheet £000	Reason for not adjusting
<p>1 Equal Pay provision: The draft accounts show the full provision as 'current' and therefore due to be settled within 12 months of the balance sheet date. We believe that the Council should review the split of the provision between current and long-term liabilities.</p>	-	Net nil (to decrease current provisions and increase long term provisions – note no impact on the Council's useable reserves)	<p>The Council does not deem the potential difference between current and long-term liabilities to be material to the financial position. The Council confirmed this view to the audit team during the clearance meeting on 3 September 2013. The Council will consider the profile of the provision for the 2013-14 accounts.</p>
Overall impact	-	Net nil	

Internal controls

- The purpose of an audit is to express an opinion on the financial statements.
- Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.
- These and other recommendations, together with management responses, are included in the Action Plan attached at Appendix A.

	Assessment	Issue and risk	Recommendations
1.	 Green	<p>Review of Information Technology (IT) controls:</p> <p>Our information systems specialist has performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p> <p>Our work on reviewing high level IT controls identified some minor weaknesses, principally in relation to IT access controls.</p>	<p>Following our review we issued a brief report, including a small number of recommendations to bring to management's attention. We have discussed and agreed the report with management and, given that the findings were not significant, we are not intending to present the report to Audit Panel. We will monitor the implementation of the IT recommendations as part of our 2013-14 audit.</p>
2.	 Amber	<p>Follow up of prior year recommendations – the mosque constructed in 2011-12:</p> <p>Whilst the Council can demonstrate progress in implementing the prior year recommendations raised, we note that the new mosque in Ashton-under-Lyne - constructed after the previous building had to be demolished to make way for the Northern Bypass - has still to be legally transferred over to the Trustees of the mosque.</p>	<p>The mosque was derecognised in the 2011-12 accounts and has no value or impact on the 2012-13 accounts.</p> <p>There is a risk that because legal ownership is yet to formally pass to the mosque Trustees, the Council could be liable for any structural or internal damages that may occur prior to the legal transfer.</p> <p>As a result, we have once again raised this issue in the Action Plan and we recommend the Council resolves this matter as soon as possible. [Rec 6]</p>

Assessment

 Significant deficiency – risk of significant misstatement

 Deficiency – risk of inconsequential misstatement

 Minor finding – best practice to implement

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Panel and have been made aware of a number of small non-material frauds as noted in the report of the Head of Risk Management and Audit Services. These frauds do not impact on our audit opinion and we have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	Matters in relation to related parties	We are not aware to date of any related party transactions which have not been disclosed.
3.	Matters in relation to laws and regulations	We are not aware to date of any significant incidences of non-compliance with relevant laws and regulations.
4.	Written representations	A standard letter of representation has been requested from the Council and is included at Appendix C. It is anticipated this will be signed at the Overview (Audit) Panel on 16 September.
5.	Disclosures	Our review found no material omissions in the financial statements. Management have amended the accounts and narrative notes for the disclosure changes noted on page 18.
6.	Review of the Annual Governance Statement (AGS) & Explanatory Foreword (EF)	<p>We reviewed both the draft AGS and EF and noted a small number of points for amendment and inclusion in the final versions of both documents, principally including additional comments on the Council's new group accounts arrangements and its administering role for the Greater Manchester Pension Fund .</p> <p>We discussed our comments with the Associate Director of Finance (on the EF) and the Head of Risk Management and Audit Services (on the AGS) and note additional commentary and updated disclosures are expected to be included in the revised versions of both documents which are due to be discussed, reviewed and agreed at the Overview (Audit) Panel on 16 September. Overall, subject to the amendments agreed, the AGS and EF comply with CIPFA guidance and are in accordance with our knowledge of the Council.</p>
7.	Going concern	<p>We are not aware of any issues relating to going concern. The Chair of Audit Panel and Executive Director of Finance have formally considered this issue of going concern and presented a paper to us for review setting out the Council's assessment that it remains a going concern. Our work has not identified any indication that the accounts should not be prepared on a going concern basis.</p> <p>The Council's wider financial position has been reviewed by us as part of our financial resilience review to inform our VFM conclusion and our report on this will be presented to the Audit Panel on 16 September.</p>
8.	Audit of the Greater Manchester Pension Fund (GMPF)	The Council has the administering role for the GMPF and we are the appointed auditors to the Fund. We will be providing a separate Audit Findings ISA260 Report for our audit of the GMPF and this report is due to be discussed at the GMPF Management Advisory Panel on 13 September. Our audit opinion for the Council, included at Appendix B, incorporates our proposed opinion on the GMPF. We anticipate providing an unqualified opinion on the GMPF accounts and will update the Audit Panel on 16 September with any issues arising from the GMPF meeting on 13 September.

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Value for Money

Value for Money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

The Council has proper arrangements in place for securing financial resilience.

The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance
- Financial planning
- Financial control.

To support our VFM conclusion against the specified criteria we performed a risk assessment against VFM risk indicators specified by the Audit Commission. Following completion of our work we have not identified any significant residual risks to our VFM conclusion.

Our overall conclusion is that whilst the Council faces challenges - particularly from 2014-15 onwards - its current arrangements for securing financial resilience are good. The Council remains better placed compared to most peer authorities to deal with the current and anticipated financial environment within local government.

A separate report on our review of the Council's financial resilience arrangements has been prepared and agreed with management. It is due to be presented to the Overview (Audit) Panel on 16 September and forms a key part of our work to inform our overall VFM conclusion.

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies.

Our work concentrated on how the Council has delivered its £22m saving plan for 2012-13 and its plans for delivering savings of £39.5m over the next two years.

Our overall conclusion is that the Council is responding well to the challenges of the Local Government Finance Settlement, delivering savings and targeting its resources effectively.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Section 4: Fees, non audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Fees, non audit services and independence

We confirm below our proposed final fees (net of VAT) charged for the audit .

Fees

	Per Audit plan £	Actual fees £
Council audit	138,553	143,553*
Grant certification	51,000	TBC**
Total audit fees	189,553	TBC

* An additional fee of £5,000 (exc VAT) has been discussed and agreed with the Executive Director of Finance in respect of the costs required to audit the first time group accounts for 2012-13. As the requirement to produce group accounts is new for 2012-13, the time and cost implications of this did not form part of the calculation of the 2012-13 scale fee - set by the Audit Commission - of £138,553. The additional fee has been agreed by the Audit Commission.

** The planned fee for certification of grant claims and returns is based on the Audit Commission's scale fee. At present we do not anticipate any changes to the grants scale fee, however, the final grants fee will be confirmed in the Grants Report 2012-13, due to be discussed with management in December 2013.

Fees for other services

Service	Fees £
Audit of Regional Growth Fund Grant	11,357
Due diligence work in respect of Ashton Moss, related to Regional Growth Fund bid	5,000
Forensic services provided during the year	19,079
Total non-audit fees	35,436

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Ethical standards and International Standards on Auditing (ISA) 260 require us to give you full and fair disclosure of matters relating to our independence. In this context, we disclose the following to you:

- the audit of the Council's Regional Growth Fund grant (RGF) was performed by the audit engagement team. It is shown as non-audit work as the Audit Commission did not make certification arrangements for the RGF claim
- the due diligence work on Ashton Moss in relation to the RGF grant, was performed by Grant Thornton staff from outside the audit team, and was agreed with the Council, via a letter of engagement in August 2012, prior to our appointment as appointed auditors in September 2012
- the forensic services provided in the year were delivered by Grant Thornton staff from outside of the audit team (from our Forensic Investigatory Services team) in order to maintain the independence of the audit team. The forensic services provided were not in relation to any material areas of the accounts and related to two specific legal cases, one of which has been on-going since early 2010, prior to our appointment as the Council's external auditor.

All non-audit services had separate letters of engagement and were agreed with our Director of Audit Quality and Compliance. We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Communication of audit matters to those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

	Audit Plan	Audit Findings
Our communication plan		
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected unmodified auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓
Delay in certification of completion of audit		✓

Appendices

Appendix A: Action plan

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1.	<p>Documentation of estimates and judgements:</p> <p>Given the potential impact that provisions and crystallising contingent liabilities could have on the Council's financial position, we recommend that formal consideration of these areas is reflected in working papers that assess each case against the Accounting Standard IAS37.</p>	High	Agreed.	Beverley Stephens, Head of Resource Management 31 March 2014
2.	<p>Depreciation and impairment review of surplus assets:</p> <p>The Council should ensure appropriate working papers are prepared in order to support the surplus assets balance in the 2013-14 accounts, including appropriate levels of depreciation charged and an impairment review.</p>	Medium	Agreed. All surplus assets will be valued on an annual basis and the appropriate accounting treatment applied, including those assets that become surplus in the year in light of the Asset Management Policy.	Julie Hardman, Senior Resource Manager 31 March 2014
3.	<p>PFI schools that gain academy status:</p> <p>The Council should ensure that it continues to review the PFI contract and establishes an appropriate agreement with PFI schools that convert to academy status in relation to on-going contract payments. This would mitigate the risk of liabilities associated with the PFI contract remaining with the Council (where potential elements of the liability could require write off) as opposed to transferring to the academy.</p>	Medium	Agreed. The Council will continue its practice of reviewing PFI contracts and to support schools who wish to move to academy status, whilst ensuring that unnecessary liabilities for the Council are mitigated.	Elaine Todd, Assistant Executive Director – Asset Investment Partnership Management 31 March 2014

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
4.	<p>Accounting for the Pension Fund:</p> <p>Should the Council wish to pursue an alternative rate of salary increase, in order to inform the actuaries valuation of the Council's share of the Pension Fund, we recommend:</p> <ul style="list-style-type: none"> the Council discusses any change in approach with both ourselves and other GM authorities in order to ensure any change from the standard approach is appropriate the core finance team responsible for production of the draft accounts is kept informed of any decisions to change the valuation methodology. 	Medium	Agreed.	Julie Hardman, Senior Resource Manager 31 March 2014
5.	<p>Assets with a negative Net Book Value (NBV):</p> <p>We recommend the Council reviews its fixed asset register processes in order to ensure that assets cannot have a negative NBV at the year-end and thus understating the value of the Council's asset base.</p>	Medium	Agreed.	Julie Hardman, Senior Resource Manager 31 March 2014
6.	<p>Follow up of prior year recommendations – the mosque constructed in 2011-12:</p> <p>There is a risk that because legal ownership is yet to formally pass to the mosque Trustees, the Council could be liable for any structural or internal damages that may occur prior to the legal transfer. As a result, we recommend the Council resolves this matter as soon as possible.</p>	Medium	Agreed.	Julie Hardman, Senior Resource Manager 31 December 2013

Appendix B: Proposed audit opinion

We anticipate we will provide the Council with a standard unqualified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMESIDE METROPOLITAN BOROUGH COUNCIL

Opinion on the financial statements

We have audited the financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, and Collection Fund and the related notes. 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 2012-13.

This report is made solely to the members of Tameside Metropolitan Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director of Finance and auditor

As explained more fully in the Statement of the Executive Director of Finance Responsibilities, the Executive Director of Finance 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Tameside Metropolitan Borough Council as at 31 March 2013 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2013 and of its 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 2012-13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Opinion on the pension fund financial statements

We have audited the pension fund financial statements of Greater Manchester Pension Fund for the year ended 31 March 2013 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. 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 2012-13.

This report is made solely to the members of Tameside Metropolitan Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director of Finance and auditor

As explained more fully in the Statement of the Executive Director of Finance Responsibilities, the Executive Director of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on financial statements

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012-13.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place 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.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Tameside Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of Tameside Metropolitan Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

[Signature]

Mark Heap,
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

xx September 2013

Appendix C: Letter of Representation

[To be placed on Council letter headed paper]

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

xx September 2013

Dear Sirs

**Tameside Metropolitan Borough Council
Financial Statements for the year ended 31 March 2013**

This representation letter is provided in connection with the audit of the financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii. We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iv. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- v. We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.

- vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).
- vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- viii All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- ix We have not adjusted the misstatement brought to our attention on the audit summary of unadjusted differences, attached to the ISA 260 Report to those charged with governance, for the reasons stated. The issue is immaterial to the results of the Council and financial position at the year-end.
- x Except as stated in the financial statements:
 - a there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council have been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- xi We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiii We have provided you with:
 - a. 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 matters
 - b. additional information that you have requested from us for the purpose of your audit
 - c. unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- xiv We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xv We have communicated to you all deficiencies in internal control of which management is aware.
- xvi All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii We have disclosed to you our knowledge of fraud or suspected fraud affecting the entity involving:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xviii We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- xix We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xx We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Annual Governance Statement

- xxi We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Approval

The approval of this letter of representation was minuted by the Council's Overview Audit Panel at its meeting on 16 September 2013.

Signed on behalf of the Overview Audit Panel

Name	Name.....
Position	Position
Date	Date



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