

Report to:	AUDIT PANEL
Date:	24 November 2020
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 2019/20 financial statements for both Tameside MBC (TMBC) and the Greater Manchester Pension Fund (GMPF). This report also incorporates the annual Value for Money conclusion.
Recommendations:	It is recommended that Panel: <ol style="list-style-type: none"> 1. Considers the matters raised in the reports; 2. Notes that there are no accounting adjustments that have an impact on the Council's General Fund or Usable reserves; 3. <i>Agrees to the adjustments and presentational changes to the accounts, as detailed in in the Audit Completion Reports (Appendix 1 – TMBC, Appendix 2 – GMPF attached);</i> 4. Notes the Value for Money Conclusion included in the Tameside MBC Audit Completion report (Appendix 1); and 5. 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.
Corporate Plan:	The Corporate Plan determines priorities for spending which is summarised in the 2019/20 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 2019/20 provides full details of the Council's financial position at 31 March 2020 and its income and expenditure for the year ended 31 March 2020. 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 August 2020. These draft financial statements have been subject to external audit and must be approved by the Audit Panel by 30 November 2020.
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



Telephone: 0161 342 2929



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

1. BACKGROUND

- 1.1 The Audit Completion 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 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;
 - 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. 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 24 November 2020. Mazars anticipate issuing an unqualified audit opinion before the end of November 2020, meeting the statutory deadline for the completion of the audit.
- 2.2 There are no amendments to the financial statements. A number of minor presentational amendments and disclosure adjustments have been made to improve the overall form and content of the financial statements.
- 2.3 None of the amendments or unadjusted items have an impact on the Council's General Fund or Usable Reserves.

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 2020, meeting the statutory deadline for conclusion of the audit. There are no amendments to the

financial statements. A number of other presentational amendments have been agreed, which improve the overall quality and presentation of the financial statements.

- 2.5 The Fund's independent valuer has highlighted a material valuation uncertainty in respect of the direct property related assets of the Fund as a result of the Covid19 pandemic. This is due to the reduction in the number of transactions in the market and the impact this has on relevant observable data upon which to base a valuation judgement. This issue relates to every local Government Pension Fund that holds property and not just GMPF.
- 2.6 The Auditor's Report is modified to reflect this material valuation uncertainty in the form of an 'Emphasis of Matter' and the proposed audit report is included at **Appendix B** to the Audit Completion Report.

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 Mazars are also required to provide a value for money conclusion. The draft conclusion set out in the Audit Completion 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 The Audit Completion Report will summarise the work undertaken and the conclusions reached. External Audit expect to issue an *unqualified* Value for Money Conclusion stating that the Council had proper arrangements in place to secure value for money.

5. RECOMMENDATIONS

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