

# Audit Completion Report

Greater Manchester Pension Fund – Year  
ended 31 March 2021

October 2021



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Members of the Audit Panel  
Greater Manchester Pension Fund,  
Tameside MBC,  
Tameside One,  
Market Place,  
Ashton under Lyne  
OL6 6BH

21 October 2021

Dear Committee Members

## Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we issued on 24 May 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07721 234043.

Yours faithfully

Signed: {{\_es\_:signer1:signature }}

Karen Murray

Mazars LLP

Mazars LLP  
One St. Peter's Square  
Manchester  
M2 3DE

Mazars LLP – One St. Peter's Square, Manchester, M2 3DE

Tel: +44(0) 161 238 9200 – [www.mazars.co.uk](http://www.mazars.co.uk)

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# 01

Section 01:

**Executive summary**

# 1. Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls; and
- Valuation of level 3 investments.

Section 5 sets out internal control recommendations and section 6 sets out adjusted and unadjusted audit misstatements.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021.

At the time of preparing this report, some matters remain outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



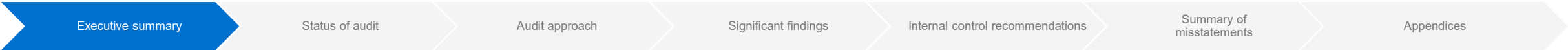
### Consistency report

We have not yet received the draft Pension Fund Annual Report and we will complete our consistency review on receipt of the Annual Report. We will issue a report stating whether the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Tameside Metropolitan Borough Council. Our draft consistency report is provided in Appendix C.



### Wider powers

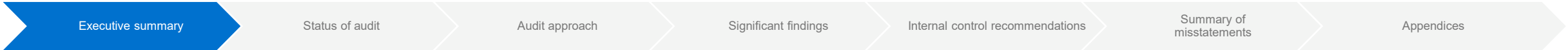
The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Fund and to consider any objection made to the accounts. We have not received any such correspondence from electors.



# 1. Executive summary

## COVID-19 impacts

The impact of the COVID-19 pandemic on the audit was significant for a second audit year. Although we have had the full co-operation of the finance team and Pension Fund management through the audit, the remote working of our audit team and the Pension Fund's staff has inevitably meant that the audit work took longer to complete and finalise than would ordinarily be the case.





# 02


Section 02:


**Status of the audit**


## 2. Status of the audit

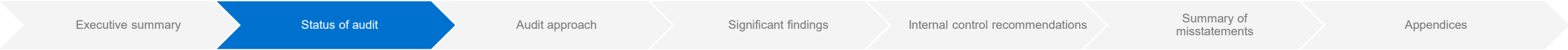
Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below, and the completion of the partner review of the audit work.

Audit area	Status	Description of the outstanding matters
Annual report review		We are awaiting receipt of the draft Annual Report in order to complete our consistency review with the financial statements.
Financial statements and letter of representation		We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation.

 Likely to result in material adjustment or significant change to disclosures within the financial statements.

 Potential to result in material adjustment or significant change to disclosures within the financial statements.

 Not considered likely to result in material adjustment or change to disclosures within the financial statements.





# 03

## Section 03: **Audit approach**

# 3. Audit approach

## Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum issued in May 2021 and presented to Audit Panel in July 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £220.3 using a benchmark of 1% of net assets, based on the 2019/20 audited financial statements. We set a provisional specific materiality for the fund account of £86m at the planning stage of the audit using a benchmark of 10% of benefits payable based on the 2019/20 audited financial statements.

Our final assessment of materiality, based on the final financial statements for 2020/21 and qualitative factors was set using the same benchmarks:

- Financial Statement materiality £268.9m.
- Fund account specific materiality £91m.

## Use of experts

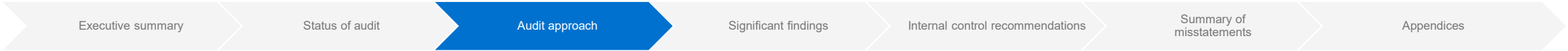
We set out in our Audit Strategy Memorandum our planned use of experts to assist in our audit procedures. We made one change to our plan: we engaged our Mazars property valuer expert to provide assurance to the audit team on the assumptions, methodology and valuation of the Pension Fund’s investment property assets.

Item of account	Management’s expert	Our expert
Disclosures on funding arrangements and actuarial present value of promised retirement benefits	Hymans Robertson	NAO Consulting Actuary: PwC
Valuation of unquoted investments not traded on active markets	Investment managers and Custodian	Mazars Property Valuation expert

## Service organisations

We set out in our Audit Strategy Memorandum our approach to auditing the Pension Fund’s service organisations. We confirm there have been no changes to those arrangements during the audit.

Items of account	Service organisation	Audit approach
Quoted investment valuations	Investment Fund managers and Custodian	Substantive procedures
Unquoted investment valuations and related disclosures	Investment managers and relevant organisations that provide valuations of unquoted investments	Substantive procedures
Stock lending including information used for the stock lending disclosure note	Custodian	Substantive procedures



# 04

## Section 04: **Significant findings**

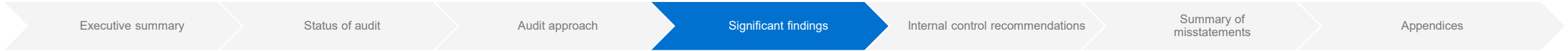
# 4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 16 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

## Significant risks

Management override of controls	Description of the risk
	In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk
	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"><li>• Accounting estimates impacting amounts included in the financial statements;</li><li>• Consideration of identified significant transactions outside the normal course of business; and</li><li>• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li></ul>
Audit conclusion	
<p>We have completed our work on the Pension Fund's journals and management estimates and there are no matters to bring to Members' attention.</p> <p>We have not to date identified any significant transactions outside the normal course of business during our audit.</p>	



# 4. Significant findings

## Valuation of level 3 investments

### Description of the risk

As at 31 March 2021, the fair value of investments within level 3 of the fair value hierarchy was £6.6bn, which accounted for approximately 25 per cent of net investment assets. Level 3 assets are those assets whose value is based on unobservable inputs, and consequently the estimation uncertainty for these assets is more significant than for assets valued at level 1 and 2.

### How we addressed this risk

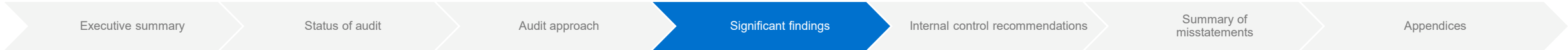
Our audit procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the external valuers used by the Pension Fund, and considering the appropriateness of the Pension Fund's instructions to those valuers.
- Obtaining an understanding of the basis of valuation applied in the year.
- Agreeing the valuation of a sample of investments to supporting documentation including custodian records, investment fund manager valuation statements and cash flow adjustments.
- Agreeing the valuation of a sample of investments to unqualified audited accounts or other independent supporting documentation, where relevant.
- Obtaining assurance from our Mazars property valuation expert on the appropriateness of the methodology and assumptions adopted by the Pension Fund's investment property valuer.
- Sample testing the completeness and accuracy of underlying investment property data used by the valuer as part of their valuations.

Although not directly related to the identified significant risk, we also reviewed the Fund's classification of assets in the fair value hierarchy.

### Audit conclusion

We have completed our work and there are no material matters identified, although there are some non-material audit adjustments identified and reported in section 6.



# 4. Significant findings

## Qualitative aspects of the Fund’s accounting practices

We have reviewed the Fund’s accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund’s circumstances.

Draft accounts were received from the Fund on 21 June 2021 and were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Pension Fund officers have been very helpful in promptly answering our detailed audit queries and prioritising the prompt conclusion of our audit.

## Significant matters discussed with management

There were no significant matters discussed with management other than those related to the significant risks and audit mis-statements reported elsewhere in this report.

## Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

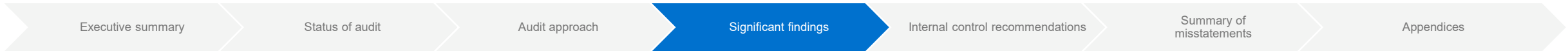
## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.



# 05

Section 05:

**Internal control recommendations**

# 5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1



# 5. Internal control recommendations

## Other deficiencies in internal control – Level 2

### Description of deficiency

Our audit procedures included obtaining direct confirmation from financial institutions of investments. The confirmation from Barclays confirmed the value of the investment and also confirmed that the interest of £1.4m had been paid into an old separate account. The Pension Fund had accrued the interest due thus ensuring it was correctly reported in the accounts. However, the Pension Fund and Tameside Council established that the bank mandate for this account was out of date. Although the Fund/Council had previously contacted the bank to change the mandate, this had not been progressed.

### Potential effects

The bank mandate not being kept up to date means that the Fund is unable to access the money in the account in a timely manner.

### Recommendation

- a) The Fund/Council should immediately update the bank mandate to obtain access to the funds in the old Barclays account.
- b) The Fund/Council should conduct an annual review of bank accounts held by the Fund and ensure that mandates are up to date.

### Management response

Agree. Recommendation part a) has commenced and part b) will follow as part of next years closedown procedures.

# 5. Internal control recommendations

## Other recommendations in internal control – Level 3

### Description of deficiency

Our audit procedures on the Pensions Administration IT system, Altair, identified that the Fund does not have a clearly documented Disaster Recovery Plan. Furthermore, the last test of the disaster recovery processes was three years ago.

### Potential effects

The absence of a clearly documented plan exposes the Fund to risks that in the event of a disaster responsibilities are not clear, and the recovery process is not managed and delivered to the Fund’s required timescales.

The absence of regular testing of the disaster recovery plan means the Fund may be unprepared to respond promptly and correctly in the event of a disaster. Both these impacts may lead to delays in recovering data or full data losses.

### Recommendation

Clearly document the disaster recovery plan for the Fund’s Pension Administration IT system, and regularly test the plan.

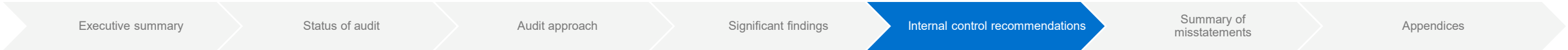
### Management response

With regard to the Altair Administration system, GMPF has not had a disaster recovery plan or test for three years since we became a hosted client of Aquila Heywood as there were effective backup and DR procedures in place provided by their partner Bluechip. These documents are available and give reassurance over the resilience of the system The only thing that is responsibility of and under control of GMPF/Tameside is internet connectivity and VPN.

### Management response (continued)

In the event that these are down, we have a contingency in place for key processes such as running payroll which involves the use of two factor authentication until such a time when connectivity is regained.

We will document these procedures in a formalised disaster recovery plan alongside those for other systems.



# 06

Section 06:

## **Summary of misstatements**

# 6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £8m. The table on page 21 outlines the misstatements that have been adjusted by management during the course of the audit.

## Unadjusted misstatements

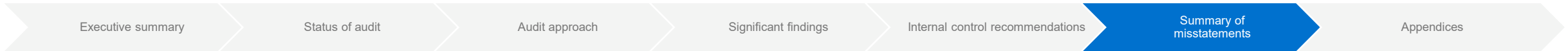
All financial misstatements identified above the trivial adjustment threshold have been amended by the Pension Fund. These are outlined on the following page.

## Disclosures

In Note 24 the Pension Fund provide the required discloses around the Additional Voluntary Contributions (AVC) scheme. However the main AVC provider, Prudential has not provided the Pension Fund with the information to disclose, namely:

- Contributions paid
- Units purchased and sold
- Fair value of the scheme at 31 March 2021

Consequently the Fund has disclosed zeros in this note with a clarifying narrative disclosure that the information was not available from the third party provider. While the Fund is dependent on the third party provider for the information to disclose, the disclosure is required by the Code of Practice and as a result this note is not compliant with the requirements. We are satisfied this is not a material misstatement.



# 6. Summary of misstatements

## Adjusted misstatements

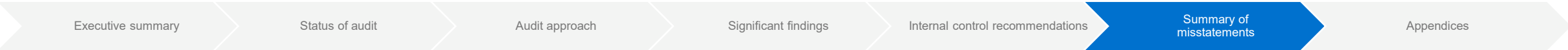
		Fund Account		Net Assets Statement	
		Dr (£m)	Cr (£m)	Dr (£m)	Cr (£m)
1	Dr: Investment Property			27,350	
	Cr: Increase in fair value of investments		27,350		
An investment property purchased in March 2021 was omitted from the investment assets. This increases the value of Investment Property by £27.5m with an equal increase in the Fund Account Increase in fair value of investments..					
2	Dr: Other Investment Assets			24,351	
	Cr: Other Investment Liabilities				24,351
Other Investment Assets included amounts that were due to brokers and should have been recorded as Other Investment Liabilities. This increases the value of both the Other Investment assets and liabilities by £24.3m.					
3	Dr: Increase in fair value of investments	23,527			
	Cr: Pooled investment vehicles				23,527
An investment asset which was sold in the prior year was incorrectly included in the listing provided by the custodian for 2020/21. This reduces the value of Pooled Investment Vehicles by £23.5m with an equal reduction in the Increase in the fair value of investments.					
Total adjusted misstatements		23,527	27,350	51,701	47,878

# 6. Summary of misstatements

## Disclosure amendments

During our audit we identified a small number of adjustments to the disclosures in the accounts. These have been adjusted by management. The more significant impacts include:

- Enhancing the disclosure of Financial Instruments in Note 3 to reflect IFRS9 terminology; and
- Renumbering the disclosure note 11 to improve the readability of that lengthy disclosure note.



# Appendices

A: Draft management representation letter

B: Draft audit report

C: Draft consistency report

D: Independence

E: Other communications

# Appendix A: Draft management representation letter

To be provided to us on client headed note paper

[Date]

Dear Karen

**Greater Manchester Pension Fund - audit for year ended 31 March 2021**

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Pension Fund ('the Pension Fund') administered by Tameside Metropolitan Borough Council ('the Council') for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

**My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

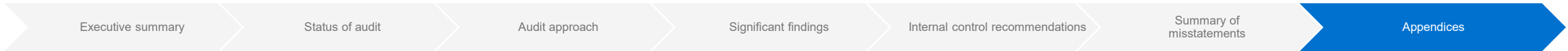
**My responsibility to provide and disclose relevant information**

I have provided you with:

- 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 material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Pension Fund and the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.





# Appendix A: Draft management representation letter (continued)

## Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all relevant Pension Fund and Council Panel meetings, have been made available to you.

## Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Pension Fund's financial position, financial performance and cash flows.

## Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Pension Fund in making accounting estimates, including those measured at current or fair value, are reasonable.

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Pension Fund have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

# Appendix A: Draft management representation letter (continued)

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Pension Fund has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud and error

I acknowledge my responsibility as Director of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Pension Fund involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Pension Fund’s financial statements communicated by employees, former employees, analysts, regulators or others.

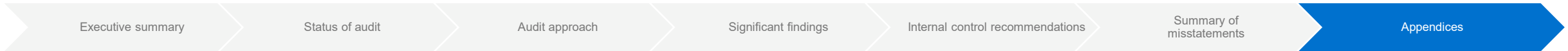
## Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Pension Fund’s related parties and all related party relationships and transactions of which I am aware.

## Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.



# Appendix A: Draft management representation letter (continued)

## Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

## Going concern

To the best of my knowledge there is nothing to indicate that the Pension Fund will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

## Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. All uncorrected misstatements are included in the Appendix to this letter.

Yours faithfully

Kathy Roe

Director of Finance

Appendix  
Schedule of unadjusted misstatements

Fund Account		Net Assets Statement	
Dr	Cr	Dr	Cr
(£'000)	(£'000)	(£'000)	(£'000)

Total unadjusted misstatements

Executive summary

Status of audit

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Summary of  
misstatements

Appendices

# Appendix B: Draft audit report

Independent auditor’s report to the members of Tameside Metropolitan Borough Council

## Report on the audit of the financial statements

### Opinion on the financial statements of Greater Manchester Pension Fund

We have audited the financial statements of Greater Manchester Pension Fund (‘the Pension Fund’) for the year ended 31 March 2021, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. 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 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021, and the amount and disposition of the Pension Fund’s assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

### Basis for opinion

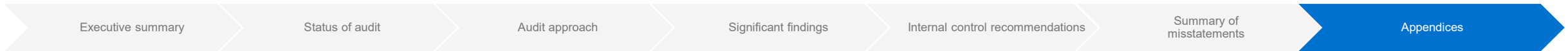
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.



# Appendix B: Draft audit report (continued)

## Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of the Director of Finance for the financial statements

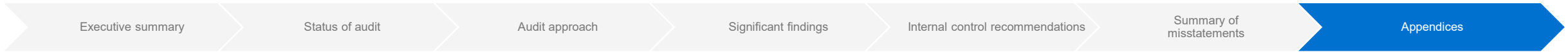
As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.



# Appendix B: Draft audit report (continued)

We evaluated the Director of Finance’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Panel the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Panel on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Panel. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

# Appendix B: Draft audit report (continued)

## Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

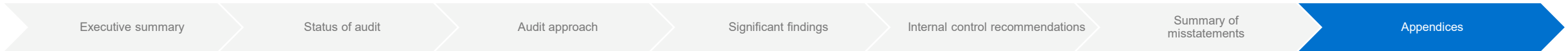
## Use of the audit report

This report is made solely to the members of Tameside Metropolitan Borough Council, as a body and as administering authority for the Greater Manchester Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Karen Murray, Key Audit Partner  
For and on behalf of Mazars LLP

One St Peter's Square  
Manchester  
M2 3DE

TBC November 2021



# Appendix C: Draft consistency report

## Independent auditor’s statement to the members of Tameside Metropolitan Borough Council on the pension fund financial statements included within the Greater Manchester Pension Fund annual report

### Report on the financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2021 included within the Greater Manchester Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including the summary of significant accounting policies.

### Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2021 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

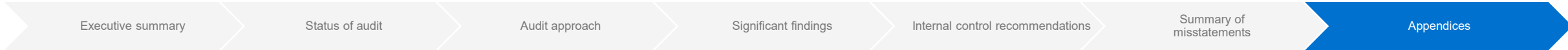
[Where there is a delay between giving the auditor’s report on the pension fund statements included within the administering body’s financial statements, and issuing this consistent with report, include the following: I have not considered the effects of any events between the date I signed my report on the full financial statements *[insert date]* and the date of this statement.]

### Respective responsibilities of the Director of Finance and the auditor

As explained more fully in the Statement of the Director of Finance’s Responsibilities, the Director of Finance is responsible for the preparation of the Pension Fund’s financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Tameside Metropolitan Borough Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Tameside Metropolitan Borough Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Tameside Metropolitan Borough Council describes the basis of our opinions on the financial statements.



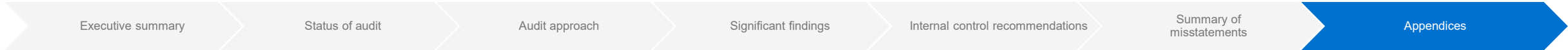


# Appendix C: Draft consistency report (continued)

## Use of this auditor's statement

This report is made solely to the members of Tameside Metropolitan Borough Council, as a body and as administering authority for the Greater Manchester Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Tameside Metropolitan Borough Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tameside Metropolitan Borough Council and Tameside Metropolitan Borough Council's members as a body, for our audit work, for this statement, or for the opinions we have formed.

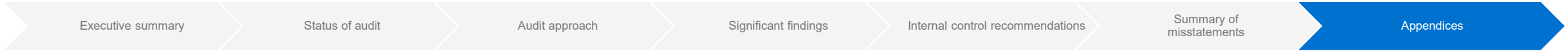
Karen Murray  
Key Audit Partner  
for and on behalf of Mazars LLP  
One St Peter's Square  
Manchester  
M2 3DE  
[Date]



# Appendix D: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



# Appendix E: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"><li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li><li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li></ul>
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Director of Finance that Greater Manchester Pension Fund will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p>

# Appendix E: Other communications (continued)

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit Panel, confirming that</p> <ul style="list-style-type: none"><li>a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li><li>b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li><li>c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:<ul style="list-style-type: none"><li>i. Management;</li><li>ii. Employees who have significant roles in internal control; or</li><li>iii. Others where the fraud could have a material effect on the financial statements; and</li></ul></li><li>d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</li></ul>

# Karen Murray, Partner

## **Mazars**

One St Peters Square

Manchester

M2 3DE

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.