Audit Findings
Year ending 31 March 2018

Greater Manchester Waste Disposal Authority
15 March 2019
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 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 control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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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Summary

Overview of the scope of our audit
This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice (‘the Code’). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach
Our audit approach was based on a thorough understanding of the group and Authority business and is risk based, and in particular included:

- An evaluation of the Authority’s internal control environment including its IT systems and controls and examining operational controls for the year to March 2018
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion
Subject to satisfactory clearance of final queries we anticipate issuing:
- an unqualified opinion on the Authority financial statements
- an adverse opinion on the single entity non-preparation of group accounts
- a qualified ‘except for’ opinion on the value for money conclusion.

The outstanding items include:
- receipt of a management representation letter; and
- receipt of the final set of amended financial statements

Materiality calculations remains the same as reported in our audit plan. We detail in the table below our assessment of materiality for Greater Manchester Waste Disposal Authority.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

<table>
<thead>
<tr>
<th>Authority Amount (£)</th>
<th>Qualitative factors considered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materiality for the financial statements £3,402,000</td>
<td>Materiality is based on gross revenue expenditure** (1.5%) and reflects our assessment of risk (** on the original draft financial statements excluding any exceptional items)</td>
</tr>
<tr>
<td>Performance materiality £2,551,000</td>
<td>Reflects 75% of financial statement materiality (standard benchmark based on risk assessed knowledge of potential for errors arising)</td>
</tr>
<tr>
<td>Trivial matters £170,000</td>
<td>Reflects 5% of financial statement materiality (standard benchmark for reporting any adjusted items)</td>
</tr>
<tr>
<td>Materiality for specific transactions, balances or disclosures £50,000</td>
<td>Senior officer remuneration due to the public interest in the disclosures and related party transactions due to the significance to the other party.</td>
</tr>
</tbody>
</table>
Headlines

This table summarises the key issues arising from the statutory audit of Greater Manchester Waste Disposal Authority (GMWDA) and the preparation of the group and Authority financial statements for the year ended 31 March 2018 for those charged with governance.

Financial Statements

Under the International Standards of Auditing (UK) (ISAs), we are required to report whether, in our opinion:
• the group and Authority financial statements give a true and fair view of the group’s and Authority financial position and of the group and Authority expenditure and income for the year, and
• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report 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 our knowledge obtained in the audit or otherwise appears to be materially misstated.

Members will be aware that our audit work has spanned a number of months to accommodate the need for substantial revisions to the financial statements to address a number of material issues. This has resulted in the statutory audit deadline of 31 July 2018 being missed.

Our audit identified significant weaknesses in the Authority’s arrangements for preparing the 2017/18 financial statements. Our detailed findings from the audit are included in the following pages.

Subject to satisfactory clearance of final queries we anticipate issuing:
• an unqualified opinion on the Authority financial statements
• an adverse opinion reflecting the non-preparation of group accounts
• a qualified ‘except for’ opinion on the value for money conclusion.

We have completed a review of the other information published within the statement of accounts, which includes the financial statements, Annual Governance Statement and Narrative Report. We have concluded that these are consistent with our knowledge and with the financial statements we have audited. We raised a number of areas where we considered the Narrative Report and financial statements did not sufficiently ‘Tell the Story’ of the changes in operations during the year, and the impact on the reported position. We discussed these changes a number of times during the audit and key narrative aspects and other disclosures have now been updated.

Details of the amendments are included as an appendix to this report and in the Authority’s summary of corrections.
**Value for Money arrangements**

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion')

As part of our original audit planning we identified a significant risk in relation to the changes in Authority operations. We concluded in July 2018 that the Authority had the proper governance arrangements in place for delivering operational changes.

We have continued our review of relevant documents up to the date of giving our report, and identified a further significant risk in relation to the accuracy and timeliness of financial reporting following the significant difficulties experienced by the Authority in producing materially accurate statutory financial statements.

We have completed our risk based review of the Authority's value for money arrangements. We have concluded that GMWDA had proper arrangements to secure economy, efficiency and effectiveness in its use of resources, except for the arrangements to produce accurate and timely financial statements.

We therefore anticipate issuing a qualified 'except for' value for money conclusion, as detailed in Appendix C. Our findings are summarised within the vfm section of this report.

**Statutory duties**

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- certify the closure of the audit

We have not had cause to exercise any of our additional statutory powers or duties. We will undertake our work on the Authority's Whole of Government Accounts return following the issue of our audit opinion. We will then certify the closure of the audit.
# Significant audit risks

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Improper revenue recognition</strong></td>
<td><strong>Auditor commentary</strong></td>
</tr>
<tr>
<td>Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</td>
<td></td>
</tr>
<tr>
<td>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</td>
<td></td>
</tr>
<tr>
<td>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</td>
<td></td>
</tr>
<tr>
<td>• there is little incentive to manipulate revenue recognition</td>
<td></td>
</tr>
<tr>
<td>• opportunities to manipulate revenue recognition are very limited</td>
<td></td>
</tr>
<tr>
<td>• the culture and ethical frameworks of local authorities, including GMWDA, mean that all forms of fraud are seen as unacceptable</td>
<td></td>
</tr>
<tr>
<td>We examined the appropriateness of the recognition of revenue as part of our testing of Authority transactions. We have not identified any errors from this work.</td>
<td></td>
</tr>
</tbody>
</table>

| **2 Management override of controls** | **Auditor commentary** |
| Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. |
| Our audit response to the risk of management override of controls includes: |
| • testing of unusual journal entries back to supporting documentation |
| • review of accounting estimates, judgements and decisions made by management |
| • review of unusual significant transactions |
| • review of significant related party transactions outside the normal course of business |
| • review of journal entry processes and controls in place |
| We have completed our testing of journals and examined the controls around processing these. We have not identified any errors from this work. |
| We have examined related parties disclosures within the Authority financial statements. There are no issues arising from the work completed. |
| We have worked with the Authority over the last few months to examine key accounting estimates and judgements in relation to some of the unusual significant transactions and key entries in the Authority financial statements. We have examined transactions of the subsidiary company Greater Manchester Combined Waste and Recycling Limited (GMCWR) in year and considered the judgement of the Authority to not prepare consolidated Group accounts. The results of our work is reported in the following pages. |
## Significant audit risks

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Accounting for changes in the Authority operations</strong></td>
<td><strong>Non-preparation of Group Accounts</strong></td>
</tr>
<tr>
<td>GMWDA changed the way its 25 year PFI recycling and waste management contract operates with Viridor Laing (GM) Limited (VLGM) in September 2017. As part of these changes it established direct interim operating ‘run off’ arrangements prior to the re-procurement of future operating contracts expected to commence in April 2019.</td>
<td>As explained more fully in the Narrative Report in the financial statements, the Authority has prepared individual statements of accounts in accordance with CIPFA/LASAAC Code of Practice on Local Authority accounting in the United Kingdom 2017/18; and the requirements of the Local Audit and Accountability Act 2014. The Authority has not consolidated the financial information of its subsidiary undertaking, Greater Manchester Combined Waste and Recycling Limited (GMCWR), and holding company Greater Manchester Waste and Recycling (Holdings) Limited (GMWCRH). In our opinion, the Authority is required to prepare group accounts in accordance with Section 9.1 of the CIPFA/LASAAC Code of Practice on Local Authority accounting in the United Kingdom 2017/18 to consolidate the financial information of its subsidiary undertakings in accordance with the public sector adaptation of International Reporting Standard (IFRS) 10 Consolidated Financial Statements. Had group accounts been prepared, several elements in the financial statements would be materially affected. The effects on the financial statements of the failure to consolidate the subsidiaries in accordance with IFRS 10 have not been determined. See our conclusion on this as detailed on page 11</td>
</tr>
</tbody>
</table>

We have identified the changes in the contractual operations and resultant complex accounting entries as a risk requiring special consideration. | **Long term debtor and advance to the Runcorn Power Station Special Purpose Vehicle (TPSCo)** |
| | The original draft financial statements provided for audit in May 2018 included a long term debtor balance of £264m and a short term debtor balance of £17.6m relating to an advance to TPSCo. The advance was originally described in Note 8 of the financial statements as a ‘capital prepayment’ in accordance with Capital Financing Regulations. We queried the nature of these balances included as capital assets on the balance sheet during the audit. The Authority has now revised this treatment and recognised the payment as an expense in the income and expenditure statement resulting in an increase in the cost of services of net circa £280m. The Authority have concluded this is not a financial asset but expenditure for capital purposes which can then be reversed out of the general fund to the capital adjustment account as a movement in reserves. This treatment as expenditure for capital purposes is supported by a Counsel opinion. We are now in agreement with this treatment in the revised financial statements. |

**Capital financing requirement (CFR) note 6.2** |
| | We received a number of versions of the CFR throughout the course of the audit with different methodologies for the calculation. Material changes included the treatment of the senior lending (from a negative £65m investment to a capital receipt) and a recalculation of the sums set aside from revenue (from a £24.7m charge to a revised £36m charge). The final CFR now also includes the £29m ‘net premium’ on the settlement of the PFI liabilities and restatement of the comparative to show this on a gross basis for the senior lending movements. The final version of the CFR now provides greater clarity on the net PFI settlement figure. |
## Significant audit risks

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3</strong> Accounting for changes in the Authority operations (cont’d)</td>
<td><strong>Adjustments between the accounting and funding basis under regulations (note 3)</strong>&lt;br&gt;GMWDA changed the way its 25 year PFI recycling and waste management contract operates with Viridor Laing (GM) Limited (VLGM) in September 2017.&lt;br&gt;As part of these changes it established direct interim operating ‘run off’ arrangements prior to the re-procurement of future operating contracts expected to commence in April 2019.&lt;br&gt;We have identified the changes in the contractual operations and resultant complex accounting entries as a risk requiring special consideration.</td>
</tr>
<tr>
<td></td>
<td><strong>Additional disclosures and changes</strong>&lt;br&gt;We raised a substantial number of queries on the clarity, accuracy and completeness of the disclosures within the original financial statements provided for audit. Due to the volume of these they are included within the Appendix to this report as set out in detail by GMCA officers.&lt;br&gt;One of the key area of change was the provision of additional disclosure and narrative to adequately ‘Tell the Story’ of the impact of the changes to Authority operations resulting from the PFI termination. This included setting out any critical judgements made in the preparation of the final set of financial statements.&lt;br&gt;We also requested disclosure of any individually material transactions included within the Comprehensive Income and Expenditure Statement in line with the requirements of the Code (ref 3.4.2.50).&lt;br&gt;Note 4 has been updated to provide an analysis of the net accounting loss on the termination of the PFI scheme.</td>
</tr>
</tbody>
</table>
## Significant audit risks

### Risks identified in our Audit Plan

<table>
<thead>
<tr>
<th></th>
<th>Valuation of property, plant and equipment</th>
<th>Valuation of pension fund net liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td><strong>The Authority revalues its land and buildings to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</strong></td>
<td><strong>The Authority pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</strong></td>
</tr>
</tbody>
</table>

### Auditor commentary

#### Valuation of property, plant and equipment

Our audit response to this risk includes:

- review of management's processes and assumptions for the calculation of the estimate.
- review of the competence, expertise and objectivity of any management experts used.
- review of the instructions issued to valuation experts and the scope of their work.
- discussions with the Authority’s valuer about the basis on which the valuation was carried out, challenging the key assumptions.
- review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding.
- testing of revaluations made during the year to ensure they were input correctly into the Authority’s asset register.
- evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.

We identified an error in the revaluation increase for land. The draft accounts showed revaluation increases as £10.123m, now restated to £2.663m with a reclassification included for £1.310m.

The net impact of this and other adjustments has resulted in a decrease in the net book value of property, plant and equipment from £160.947m to £154.792m. The full details of the changes to assets values are reported in the Authority’s summary of corrections (see appended to this report).

#### Valuation of pension fund net liability

Our audit response to this risk includes:

- identifying the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessing whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement.
- review of the competence, expertise and objectivity of the actuary who carried out the Authority’s pension fund valuation.
- gaining an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.
- review of the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary.

Our work has not identified any issues in respect of the valuation of the pension fund net liability.
## Reasonably possible audit risks

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating expenses</strong></td>
<td><strong>Auditor commentary</strong></td>
</tr>
<tr>
<td>Non-pay expenses on other goods and services represents a significant percentage of the Authority's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</td>
<td>Our audit response to this risk includes:</td>
</tr>
<tr>
<td>We identified completeness of non-pay expenses as a risk requiring particular audit attention:</td>
<td>• evaluating the Authority's accounting policy for recognition of non-pay expenditure for appropriateness;</td>
</tr>
<tr>
<td></td>
<td>• gaining an understanding of the Authority's system for accounting for non-pay expenditure and evaluating the design of the associated controls;</td>
</tr>
<tr>
<td></td>
<td>• substantively testing a sample of operating expenses and year-end balances and new-year payments to source documents. This is to ensure valid spend and appropriate categorisation within the net cost of services headings in the comprehensive income and expenditure statement</td>
</tr>
<tr>
<td></td>
<td>• testing creditor reconciliations</td>
</tr>
<tr>
<td></td>
<td>As reported earlier the overall cost of services has now changed from the draft accounts from £226.792m to £507.225m an increase of £280.433m.</td>
</tr>
<tr>
<td></td>
<td>This includes an additional charge for the advance to TPSCo treated as revenue expenditure funded from capital under statute.</td>
</tr>
<tr>
<td></td>
<td>We did not identify any errors from our substantive testing of other operating expenses.</td>
</tr>
</tbody>
</table>
## Significant findings arising from the group audit

<table>
<thead>
<tr>
<th>Component</th>
<th>Component auditor</th>
<th>Findings</th>
<th>Group audit impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMWCR</td>
<td>n/a</td>
<td>In our July 2018 report we advised the Committee that we were progressing our audit of the Group Statements which include a Consolidated Comprehensive Income and Expenditure Account (CIES), Movement in Reserves (MIRs), Balance Sheet and Cashflow. The working papers to support the group consolidation had been subject to a number of revisions and discussions were ongoing on this aspect of the audit. We received the latest version of the Group CIES on 19 July 2018 and at that time were working with the Authority to audit the consolidated entries for income and expenditure and cashflows. Following consultation with the external advisors, the GMCA Treasurer has taken the decision that group accounts do not need to be prepared this year. The group accounts within the financial statements in July 2018 have been removed.</td>
<td>Our view is that consolidated accounts should be prepared under IFRS 10 ('Consolidated Financial Statements'), which requires a parent to consolidate a subsidiary until the date on which the parent ceases to control the subsidiary. As a result of the removal of group accounts we intend to issue an adverse opinion on the financial statement for the non-preparation of group accounts. This states that the financial statements: • do not give a true and fair view of the state of the group’s affairs as at 31 March 2018 and of the group’s profit/loss for the year then ended; • have not been properly prepared in accordance with CIPFA/LASAAC Code of Practice on Local Authority accounting in the United Kingdom 2017/18; and • have not been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.</td>
</tr>
</tbody>
</table>
## Accounting policies

<table>
<thead>
<tr>
<th>Accounting area</th>
<th>Summary of policy</th>
<th>Comments</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue recognition</td>
<td>Revenue from the provision of services is recognised when the Authority can measure reliably the level of completion of the transaction and it is probable that benefits will flow to the Authority.</td>
<td>We have examined the recognition of revenue within the Authority financial statements and are satisfied that this is correctly accounted for.</td>
<td>🟢</td>
</tr>
</tbody>
</table>
| Judgements and estimates | • Key estimates and judgements include:  
  − Useful life of PPE  
  − Revaluations  
  − Impairments  
  − Accruals  
  − Other provisions  
  − Changes to the treatment of PFI assets                                                                                                          | We have considered the following aspects of management's judgements and estimates:  
  • appropriateness of policy under relevant accounting framework  
  • extent of judgement involved,  
  • potential financial statement impact of different assumptions  
  • adequacy of disclosure of accounting policy  
  We have worked with the Authority over the last few months to examine key accounting estimates and judgements in relation to some of the unusual significant transactions and key entries in the Authority financial statements. We have examined transactions of the subsidiary company (Greater Manchester Combined Waste and Recycling Limited (GMCWR) in year and considered the judgement of the Authority to not prepare consolidated Group accounts. Overall we are satisfied with the judgements included, except that the Authority has not included Group accounts to consolidate its subsidiary during the year. We have issued an adverse opinion on this element of the financial statements. | 🟥         |
| Going concern            | The GMCA Treasurer has a reasonable expectation that the services provided by the Authority will continue for the foreseeable future. Members concur with this view. For this reason, the Authority continues to adopt the going concern basis in preparing the financial statements.                                | We have reviewed the Authority's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2017/18 financial statements.  
  Given the transfer of the Authority's functions to Greater Manchester Combined Authority further disclosures are included within the going concern section in the Narrative Statement and Accounting Policies note. | 🟢         |
| Other accounting policies | The Accounting Policies of the Authority are disclosed in Note 1 to the Financial Statement.                                                                                                                      | We have reviewed the Authority's policies against the requirements of the CIPFA Code of Practice.  
  We are satisfied that these are in line with Code requirements other than we are reporting an adverse opinion on the non-preparation of group accounts.                                       | 🟥         |
Other communication requirements

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

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Matters in relation to fraud</td>
<td>• We have previously discussed the risk of fraud with GMWDA’s Audit Committee. 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.</td>
</tr>
<tr>
<td>2. Matters in relation to related parties</td>
<td>• We are not aware of any related parties or related party transactions which have not been disclosed.</td>
</tr>
<tr>
<td>3. Matters in relation to laws and regulations</td>
<td>• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</td>
</tr>
<tr>
<td>4. Written representations</td>
<td>• We discussed specific representations from management in respect of the disclosures of all critical judgements and material transactions within the financial statements. These will be included in the final written representation letter.</td>
</tr>
<tr>
<td>5. Confirmation requests from third parties</td>
<td>• We requested from management permission to send confirmation requests for standard bank, investment and loan balances. This permission was granted and the requests were sent and returned with positive confirmations.</td>
</tr>
</tbody>
</table>
| 6. Disclosures | • We identified a number of areas where disclosures in the accounts needed amendment to accurately ‘Tell the Story’ of the changes in operations during the year and the impact on the reported position.  
• In addition other significant amendments have been made to the draft accounts, as documented in this report. |
| 7. Significant difficulties | • During the course of the audit we examined various significant technical changes within the financial statements, including the requirements for preparing Group accounts. This report captures the main findings from this work |
## Other responsibilities under the Code

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

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Other information</strong>&lt;br&gt;We are required to give an opinion on whether the other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.&lt;br&gt;No inconsistencies have been identified and amendments have been made to the narrative to give a clearer picture of the changes in the nature of the operations and the impact on the financial statements.</td>
</tr>
<tr>
<td>2</td>
<td><strong>Matters on which we report by exception</strong>&lt;br&gt;We are required to report on a number of matters by exception in a numbers of areas:&lt;br&gt;• If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit&lt;br&gt;• If we have applied any of our statutory powers or duties&lt;br&gt;We have nothing to report on these matters.</td>
</tr>
<tr>
<td>3</td>
<td><strong>Specified procedures for Whole of Government Accounts</strong>&lt;br&gt;We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.&lt;br&gt;We will undertake our work on the Authority’s Whole of Government Accounts return after the issue of the opinion, following which we anticipate certifying the closure of the audit.</td>
</tr>
<tr>
<td>4</td>
<td><strong>Certification of the closure of the audit</strong>&lt;br&gt;We will certify completion of the 2017/18 audit once we have finalised our work on the WGA as noted at reference 3 above</td>
</tr>
</tbody>
</table>
Value for Money

Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

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

This is supported by three sub-criteria, as set out below:

Risk assessment

We carried out an initial risk assessment in January 2018 and identified a significant risk in relation to the changes in Authority operations using the guidance contained in AGN03. We communicated this risk to you in our Audit Plan dated 17 January 2018.

AGN 03 requires us to disclose our views on the significant qualitative aspects of the Authority’s arrangements for delivering economy, efficiency and effectiveness.

We have continued our review of relevant documents up to the date of giving our report, and identified a further significant risk in relation to the accuracy and timeliness of financial reporting following the significant difficulties experienced by the Authority in producing its statutory financial statements.

The significant risks are set out below.

Changes in Authority operations

GM Waste Disposal Authority (GMWDA) became part of the GM Combined Authority with effect from 1 April 2018.

As part of its wider and value for money programme GMWDA acquired the Special Purpose Vehicle (SPV) Viridor Laing (GM) Limited (VLGM) that ran its 25 year PFI recycling and waste management contract in September 2017. GMWDA established direct interim operating ‘run off’ arrangements with the VLGM operating contractor Viridor Waste (GM) Limited prior to the re-procurement of future operating contracts which are expected to commence operations in April 2019.

GMWDA revised its budget and updated its Medium Term Financial Plan (MTFP) 2021/22 in October 2017 following substantial completion of the PFI contract termination and agreement of arrangements for a run off operating contract. The revised budget set out a £182.8m budget requirement for 2017/18 including a £169.6m Levy requirement and contributions from reserves of £13.2m.

There is a significant risk that if the Authority does not have the proper governance arrangements in place for delivering operational changes, or does not have robust financial information upon which to deliver required savings, then it will not deliver on its future plans for efficient waste services.
Value for Money

Accuracy and timeliness of financial reporting
As documented throughout this report the Authority experienced difficulties in producing a materially accurate and complete set of financial statements in a timely manner. The Authority published its original set of financial statements on 31 May 2018 which have been subject to a number of revised versions with significant amendments, including the addition and then removal of Group accounts.

It took until March 2019 for the Authority to produce amended financial statements for audit which addressed the errors in the parent Authority which had been identified in the original version published on 31 May 2018.

The January 2019 version of the financial statements did not include Group accounts for its subsidiary Greater Manchester Combined Waste and Recycling (GMWCR) Limited, from its acquisition in September 2017 until liquidation in March 2018. As a result we propose a qualified adverse opinion on the lack of Group accounts within the financial statements.

The statutory audit deadline of the end of July 2018 has also been missed by approximately eight months at the time of issuing the opinion.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment.

Our work
AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority arrangements for delivering economy, efficiency and effectiveness.

We have focussed our work on the significant risks that we identified in the Authority arrangements. In arriving at our conclusion, our main considerations were:

• the governance arrangements put in place by the Authority to establish how it is identifying, managing and monitoring progress against plans for future operational delivery and progress against savings targets

• the issues arising from the audit of the 2017/18 financial statements.

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on the following pages.

Overall conclusion
Based on the work we performed to address the significant risks, we concluded that:

• the Authority had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources except for the matters we identified in relation to timely and accurate year-end statutory financial reporting.

Significant difficulties in undertaking our work
We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management
The significant issues and reasons for the delay in producing final and accurate financial statements are well documented, and have been the subject of our reports to members of this committee in both July 2018 and September 2018. The Treasurer of the GM Combined Authority has also brought various accounts papers to this Committee. We have not sought to repeat all of these issues within this final report, instead focusing on areas of testing we have undertaken on specific balances. We have also highlighted the material changes that have been made to the published draft financial statements when compared to the final set of financial statements. The latter being a specific requirement of the auditing standards.

Value for Money
Key findings
We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

<table>
<thead>
<tr>
<th>Significant risk</th>
<th>Findings</th>
<th>Conclusion</th>
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<tbody>
<tr>
<td><strong>1. Changes in Authority operations</strong></td>
<td>We examined the governance arrangements put in place by the Authority to establish how it is identifying, managing and monitoring progress against plans for future operational delivery and progress against savings targets. During the 2017/18 management have effectively kept Members updated with monthly Authority reports setting out Contract updates and developments during the year with the wholly owned company Greater Manchester Combined Waste and Recycling Limited (GMCWR) to deliver future efficiencies in processing waste. Governance arrangements included day to day contract management by an appointed Project Director and management of technical issues by joint Service Delivery Groups through to the Partnership Management and Strategic Partnership Boards. The Audit &amp; Standards Committee provided overall scrutiny of the developing governance arrangements with targeted reviews from Internal Audit. The monthly Authority reports focused on the opportunities and challenges for GMWDA during its transition to new methods of service delivery.</td>
<td>We concluded from our review that the Authority had robust governance arrangements in place together with a risk-assessed MTFP which is supported by balances and reserves strategies.</td>
</tr>
<tr>
<td><strong>GM Waste Disposal Authority (GMWDA) became part of the GM Combined Authority with effect from 1 April 2018.</strong></td>
<td>GMWDA acquired the Special Purpose Vehicle (SPV) Viridor Laing (GM) Limited (VLGM) that runs its 25 year PFI recycling and waste management contract in September 2017. GMWDA established direct interim operating ‘run off’ arrangements with the VLGM operating contractor Viridor Waste (GM) Limited prior to the re-procurement of future operating contracts which are expected to commence operations in April 2019. GMWDA revised its budget and updated its Medium Term Financial Plan (MTFP) 2021/22 in October 2017 following substantial completion of the PFI contract termination and agreement of arrangements for a run off operating contract. The revised budget sets out a £182.8m budget requirement for 2017/18 including a £169.6m Levy requirement and contributions from reserves of £13.2m. There is a significant risk that if the Authority does not have the proper governance arrangements in place for delivering operational changes, or does not have robust financial information upon which to deliver required savings, then it will not deliver on its future plans for efficient waste services.</td>
<td>The Authority had proper arrangements in place to support informed decision making.</td>
</tr>
<tr>
<td><strong>As part of its wider and value for money programme GMWDA acquired the Special Purpose Vehicle (SPV) Viridor Laing (GM) Limited (VLGM) that runs its 25 year PFI recycling and waste management contract in September 2017. GMWDA established direct interim operating ‘run off’ arrangements with the VLGM operating contractor Viridor Waste (GM) Limited prior to the re-procurement of future operating contracts which are expected to commence operations in April 2019. GMWDA revised its budget and updated its Medium Term Financial Plan (MTFP) 2021/22 in October 2017 following substantial completion of the PFI contract termination and agreement of arrangements for a run off operating contract. The revised budget sets out a £182.8m budget requirement for 2017/18 including a £169.6m Levy requirement and contributions from reserves of £13.2m. There is a significant risk that if the Authority does not have the proper governance arrangements in place for delivering operational changes, or does not have robust financial information upon which to deliver required savings, then it will not deliver on its future plans for efficient waste services.</strong></td>
<td>We concluded from our review that the Authority had robust governance arrangements in place together with a risk-assessed MTFP which is supported by balances and reserves strategies.</td>
<td>Auditor view</td>
</tr>
<tr>
<td><strong>We examined the governance arrangements put in place by the Authority to establish how it is identifying, managing and monitoring progress against plans for future operational delivery and progress against savings targets.</strong></td>
<td><strong>The Authority had regular engagement with the nine constituent districts on the financial impact of waste policies and agreed its 2018/19 budget and Levy and MTFP to 2021/22 in February 2018. As part of the longer term value for money programme to relieve cost pressures the Authority finalised the termination its PFI contract on 8 March 2018. The MTFP reports gross annual savings of £28 million from the refinancing of operations and estimates future efficiencies of £18 million from future operational contact procurement and facility changes. The MTFP planning assumptions take a balanced view on the delivery and risk of achieving emerging savings which are supported by balances and reserves strategies to mitigate against the potential impact of these. We recognise there is a risk from the reprocurement of not delivering these savings and that it will be critical for the Greater Manchester Combined Authority to continue to robustly monitor the position.</strong></td>
<td><strong>We concluded from our review that the Authority had robust governance arrangements in place together with a risk-assessed MTFP which is supported by balances and reserves strategies.</strong></td>
</tr>
<tr>
<td><strong>The Authority had proper arrangements in place to support informed decision making.</strong></td>
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</tr>
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</table>
## Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

<table>
<thead>
<tr>
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<th>Findings</th>
<th>Conclusion</th>
<th>Auditor view</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accuracy and timeliness of financial reporting</strong></td>
<td>Our audit identified significant weaknesses in the Authority’s arrangements for preparing the 2017/18 financial statements. The Authority’s unaudited financial statements were published on 31 May 2018. The unaudited financial statements contained material errors in respect of accounting for the refinancing of the arrangements for disposal of residual waste and for the termination of its recycling and waste management private finance initiative contract. The underlying causes of these weaknesses were failure to secure sufficient technical accounting knowledge to inform the preparation of the 2017/18 financial statements, and insufficient strategic oversight and leadership of the accounts preparation process. Several draft versions of the financial statements were prepared, including the addition and then removal of Group accounts, which led to an adverse opinion on the Group. It took until March 2019 for amended financial statements to be prepared for audit, addressing the errors in the parent Authority statement of accounts which we identified in the original version published on 31 May 2018.</td>
<td></td>
<td>This matter is evidence of weaknesses in proper arrangements for informed decision making in reliable and timely financial reporting that supports the delivery of strategic priorities.</td>
</tr>
</tbody>
</table>
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 Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Fee details are set out in Appendix B.

Audit and Non-audit services

No non-audit or audited related services have been undertaken for Greater Manchester Waste Disposal Authority. Grant Thornton was also the appointed auditor to Greater Manchester Combined Authority for the 2017/18 financial year. Audit fees for the 2017/18 GMCA external audit were £85k and non-audit fees were £4.2k.
Audit Adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements and disclosure changes

All adjusted misstatements and disclosure changes are set out in detail in the Authority’s summary of corrections which is also included as an appendix to this report.

Unadjusted misstatements

There are no unadjusted misstatements to bring to your attention.
Fees

Audit Fees

<table>
<thead>
<tr>
<th></th>
<th>Proposed fee</th>
<th>Final fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority Audit</td>
<td>£31,418</td>
<td>£31,418</td>
</tr>
<tr>
<td>Group audit and specialist input***</td>
<td>N/a</td>
<td>TBA</td>
</tr>
<tr>
<td>Total audit fees (excluding VAT)</td>
<td>£31,418</td>
<td>TBA</td>
</tr>
</tbody>
</table>

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

*** Due to the additional work to audit the Authority’s revised financial statements and the technical specialist and partner input necessary we have discussed an additional fee with GMCA’s Treasurer. We anticipate additional fees of approximately £34,500+VAT to complete our work, and we will seek PSAA’s agreement to the additional fee.
Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Greater Manchester Waste Disposal Authority (the ‘Authority’) for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow 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 2017/18.

Adverse opinion on financial statements – non-preparation of group accounts
In our opinion, because of the significance of the matter described in the basis for adverse opinion paragraph of our report, solely in relation to the non-preparation of group accounts, the financial statements:

• do not give a true and fair view of the financial position of the group as at 31 March 2018 and of the group’s expenditure and income for the year then ended;
• have not been properly prepared in accordance with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
• have not been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for adverse opinion on financial statements – non-preparation of group accounts
As explained more fully in the Narrative Report in the financial statements, GMCA has prepared individual statement of accounts for the Authority in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18 and the requirements of the Local Audit and Accountability Act 2014 and has not consolidated the financial information of its subsidiary undertakings in accordance with the public sector adaptation of International Reporting Standard (IFRS) 10 Consolidated Financial Statements. Had group accounts been prepared, several elements in the financial statements would be materially affected. The effects on the financial statements of the failure to consolidate the subsidiaries in accordance with IFRS 10 have not been determined.

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 for the audit of the financial statements section of our report. We are independent of the Authority 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 adverse opinion.

Opinion on parent Authority financial statements
In our opinion the parent Authority financial statements:

• give a true and fair view of the financial position of the parent Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
• have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
• have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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 for the audit of the financial statements section of our report. We are independent of the Authority 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.
Draft audit opinion

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

• the Treasurer to the GMCA’s use of the going concern basis of accounting in the preparation of the financial statements of the Authority is not appropriate; or

• the Treasurer to the GMCA has not disclosed in the financial statements of the Authority any identified material uncertainties that may cast significant doubt about the Authority’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – transfer of functions, assets and liabilities to Greater Manchester Combined Authority (GMCA)
We draw attention to the disclosures made in Note 1.i to the financial statements concerning the transfer of the Authority’s functions, assets and liabilities. As stated in note 1.i, the Authority’s functions, assets and liabilities transferred to the Greater Manchester Combined Authority (GMCA) as from 1 April 2018 under the Greater Manchester Combined Authority (Functions and Amendment) Order 2017. Our opinion is not modified in respect of this matter.

Other information
The Treasurer to the GMCA is responsible for the other information. The other information comprises the information included in the Statement of Accounts and the Annual Governance Statement, 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 of the Authority obtained in the course of our work including that gained through work in relation to the Authority’s arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources 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.

Other information we are required to report on by exception under the Code of Audit Practice
Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the ‘Delivering Good Governance in Local Government: Framework (2016)’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice
In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts and the Annual Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
Under the Code of Audit Practice we are required to report to you if:

• we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 on the Authority in the course of, or at the conclusion of the audit; or

• we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

• we have exercised any other special powers of the auditor of the Authority under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.
Responsibilities of the Authority, the Treasurer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 32, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In the Authority, for 2017/18 that officer was the Treasurer and Deputy Clerk for the Authority, and from 1 April 2018 it is the Treasurer to the GMCA (the Treasurer). The Treasurer is responsible for the preparation of the Statement of Accounts of the Authority, 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 2017/18, which give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

GMCA’s Audit Committee is Those Charged with Governance of the Authority.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Authority 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.

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. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, except for the effects of the matter described in the basis for qualified conclusion section of our report, we are satisfied that, in all significant respects, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for qualified conclusion

In considering the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources we identified the following matter:

Our audit identified significant weaknesses in the Authority's arrangements for preparing the 2017/18 financial statements. GMCA published unaudited Authority financial statements on 31 May 2018 which contained material errors in respect of accounting for the refinancing of the arrangements for disposal of residual waste and for the termination of the Authority’s recycling and waste management private finance initiative contract. The underlying causes of these weaknesses were the Authority’s failure to secure sufficient technical accounting knowledge to inform the preparation of the 2017/18 financial statements, and insufficient strategic oversight and leadership of the financial statements preparation process.

This matter is evidence of weaknesses in proper arrangements for informed decision making specifically in relation to reliable and timely year-end statutory financial reporting that supports the delivery of strategic priorities.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing 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.
Draft audit opinion

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that 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 2018.

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 be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit of the Authority and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2018. We are satisfied that this work does not have a material effect on the financial statements of the Authority or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Use of our report

This report is made solely to the members of the GMCA, as a body, in respect of the Authority in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 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 GMCA’s members, in respect of the Authority, those matters we are required to state to them in an auditor's report in respect of the Authority and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the GMCA's members, in respect of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

To be signed

John Farrar
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
4 Hardman Square
Spinningfields
Manchester
M3 3EB

To be dated