The Audit Findings Report
for Greater Manchester Fire and Rescue Authority

Period ended 7 May 2017
September 2017

Robin J Baker Director
T 0161 214 6399
E robin.j.baker@uk.gt.com

Richard Z Tembo Executive
T 0161 234 6352
E Richard.z.tembo@uk.gt.com

Ashling Conway
In charge auditor
T 0151 224 7237
E ashling.conway@uk.gt.com
20 September 2017

Dear Members of the GMCA Audit Committee

Audit Findings for Greater Manchester Fire and Rescue Service for the period ending 7 May 2017

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in case of the demised Greater Manchester Fire and Rescue Authority, the GMCA Audit Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with officers.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), 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.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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

Yours faithfully

Robin Baker
Engagement lead

Chair of the Audit Committee
Greater Manchester Combined Authority
Churchgate House
56 Oxford Street
Manchester
M1 6EU
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Executive summary</td>
<td>4</td>
</tr>
<tr>
<td>2. Audit findings</td>
<td>8</td>
</tr>
<tr>
<td>3. Value for Money</td>
<td>22</td>
</tr>
<tr>
<td>4. Fees, non-audit services and independence</td>
<td>26</td>
</tr>
<tr>
<td>5. Communication of audit matters</td>
<td>28</td>
</tr>
</tbody>
</table>

### Appendix

- A Audit opinion                                                       | 31   |
Section 1: Executive summary

01. Executive summary
02. Audit findings
03. Value for Money
04. Fees, non audit services and independence
05. Communication of audit matters
Executive summary

Purpose of this report
This report highlights the key issues arising from our audit work relating to Greater Manchester Fire and Rescue Authority (‘the Authority’) and the preparation of the Authority’s financial statements for the period ended 7 May 2017. As a result of the Devolution deal secured by the Greater Manchester Authorities responsibility for the Greater Manchester Fire and Rescue Service including all financial arrangements, assets, property, rights and liabilities, transferred to the Greater Manchester Combined Authority on 8 May 2017. Responsibility for the Fire and Rescue Service now rests with the Mayor, although a Fire Committee of up to 15 members may be appointed. The Authority therefore ceased to exist on 7 May 2017.

This report is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 (‘the Act’). Under the National Audit Office (NAO) Code of Audit Practice (‘the Code’), we are required to report whether, in our opinion, the Authority’s financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

We are also required to consider other information published together with the audited financial statements including the Annual Governance Statement (AGS) and Narrative Report, whether it is consistent with the financial statements, apparently materially incorrect based on, or inconsistent with, our knowledge of the Authority or otherwise misleading.

We are required to carry out sufficient work to satisfy ourselves on whether the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources (‘the value for money (VFM) conclusion’). Auditor Guidance Note 7 (AGN07) clarifies our reporting requirements in the Code and the Act. We are required to provide a conclusion whether in all significant respects, the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year.

The Act also details the following additional powers and duties for local government auditors, which we are required to report to you if applied:

- a public interest report if we identify any matter that comes to our attention in the course of the audit that in our opinion should be considered by the Authority or brought to the public’s attention (section 24 of the Act);
- written recommendations which should be considered by the Authority and responded to publicly (section 24 of the Act);
- application to the court for a declaration that an item of account is contrary to law (section 28 of the Act);
- issue of an advisory notice (section 29 of the Act); and
- application for judicial review (section 31 of the Act).

We are also required to give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts under sections 26 and 27 of the Act.

Introduction
In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to the members of the Audit, Scrutiny and Standards Committee of the now abolished Greater Manchester Fire and Rescue Authority in our Audit Plan dated March 2017.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- receiving confirmation of short term investments from Barclays Bank
- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation, and
- updating our post balance sheet events review, to the date of signing the opinion.

We received draft financial statements and the majority of accompanying working papers at the commencement of our work, in accordance with the agreed timetable.
Executive summary

Key audit and financial reporting issues

Financial statements opinion

We have identified no adjustments affecting the Authority’s reported financial position. The draft financial statements for the year ended 7 May 2017 recorded net expenditure of £10,593k at the net cost of services. We agreed a number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Authority’s financial statements are:

• The accounts were prepared on time and to a good standard given the additional complexity of 13 month accounts. Most supporting working papers were good although there were instances where we had to request additional information to support the figures in the accounts.

• GMFRS holds a 25 per cent share in North West Fire Control (NWFC) which is assessed as a joint operation. Whilst income and expenditure is included within the Authority’s accounts, its share of assets and liabilities are excluded on the basis of not being material. IFRS 11 requires all income, expenditure, assets and liabilities to be included in the Authority’s accounts. Officers have decided not to account for the Authority’s share of NWFC’s assets and liabilities on the basis of materiality. In our view the Authority’s share of assets and liabilities should be reflected in the financial statements although we accept the amounts involved are not material.

• Following discussions with officers, an amendment has been made to the analysis of expenditure in the Comprehensive Income and Expenditure Statement. Non-distributed Costs are now included within the Corporate and Democratic Core line.

• The financial statement have been prepared on the going concern basis as responsibility for the Fire service has been transferred to the Greater Manchester Combined Authority. We have included an emphasis of matter paragraph to highlight this key management judgement.

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

We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix A).

Other financial statement responsibilities

As well as an opinion on the financial statements, we are required to give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. This includes if the AGS and Narrative Report is misleading or inconsistent with the information of which we are aware from our audit.

Based on our review of the Authority’s Narrative Report and AGS we are satisfied that they are consistent with the audited financial statements. An initial AGS was considered by the former Greater Manchester Fire and Rescue Authority’s Audit, Scrutiny and Standards Committee on 27 April 2017 and it has been updated for events occurring to the conclusion of the audit. We are also satisfied that the AGS meets the requirements set out in the CIPFA/SOLACE guidance and that the disclosures included in the Narrative Report are in line with the requirements of the CIPFA Code of Practice.
Executive summary

Key audit and financial reporting issues (continued)

Financial statements opinion

Controls
Roles and responsibilities
The Authority’s management was responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Authority.

Findings
Our work has not identified any control weaknesses which we wish to highlight for your attention.

Value for Money
Based on our review we are satisfied that in all significant respects the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Authority had continued to demonstrate sound financial management arrangements and it had delivered its required efficiency savings target for 2016/17 in line with its budget strategy. We are also satisfied that the Authority put in place effective plans and processes to manage the transfer of GMFRS to GMCA without any significant disruption to the services it provided.

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

Other statutory powers and duties
We have not identified any issues that have required us to apply our statutory powers and duties under the Act.

The way forward
Matters arising from the financial statements audit and our review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Director of Corporate Services.

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

Grant Thornton UK LLP
September 2017
Section 2: Audit findings

01. Executive summary
02. Audit findings
03. Value for Money
04. Fees, non audit services and independence
05. Communication of audit matters
Audit findings

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £1,443k, being 1.8% of gross revenue expenditure. This was lower than the previous year's materiality level due to a requirement to produce 13 months Accounts and challenges arising from the transition to GMCA. We have considered whether this level remained appropriate during the course of the audit and have made no changes to our overall materiality.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £72k. This remains the same as reported in our audit plan.

As we reported in our audit plan, we identified the following items where we decided that separate materiality levels were appropriate.

<table>
<thead>
<tr>
<th>Balance/transaction/disclosure</th>
<th>Explanation</th>
<th>Materiality level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosures of officers’ remuneration, salary bandings and exit packages in the notes to the financial statements</td>
<td>Due to public interest in these disclosures and the statutory requirement for them to be made.</td>
<td>£20k</td>
</tr>
<tr>
<td>Disclosure of related party transactions in the notes to the financial statements</td>
<td>Due to public interest in these disclosures.</td>
<td>£20k</td>
</tr>
</tbody>
</table>

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)
Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

### Risks identified in our audit plan

<table>
<thead>
<tr>
<th>The revenue cycle includes fraudulent transactions</th>
<th>Work completed</th>
<th>Assurance gained and issues arising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under ISA (UK&amp;I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. 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>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Greater Manchester Fire and Rescue Authority, we have determined the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Greater Manchester Fire and Rescue Authority, mean that all forms of fraud are seen as unacceptable.</td>
<td>Our audit work has not identified any issues in respect of revenue recognition.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management over-ride of controls</th>
<th>Work completed</th>
<th>Assurance gained and issues arising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under ISA (UK&amp;I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</td>
<td>We have • reviewed your entity level controls • reviewed your journal entry processes and selected unusual journal entries for testing back to supporting documentation • reviewed accounting estimates, judgements and decisions made by management</td>
<td>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section of the report our work and findings on key accounting estimates and judgements.</td>
</tr>
</tbody>
</table>

“Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.” (ISA (UK&I) 315). In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK&I) 550)
## Audit findings against significant risks continued

<table>
<thead>
<tr>
<th>Risks identified in our audit plan</th>
<th>Work completed</th>
<th>Assurance gained and issues arising</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Valuation of property, plant and equipment</strong>&lt;br&gt;The Authority revalues its assets on a rolling basis over a five year period. The Code requires that the Authority ensures that the carrying value at the balance sheet date is not materially different from the current value. Management have undertaken a desktop valuation of those assets not revalued in the year.&lt;br&gt;This represents a significant estimate by management in the financial statements.</td>
<td>We have undertaken the following work in relation to this risk:&lt;br&gt;• Reviewed management’s processes and assumptions for the calculation of the estimate.&lt;br&gt;• Reviewed the competence, expertise and objectivity of any management experts used.&lt;br&gt;• Reviewed the instructions issued to valuation experts and the scope of their work&lt;br&gt;• Confirmed the basis on which the valuation was carried out, challenging the key assumptions.&lt;br&gt;• Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.&lt;br&gt;• Tested a sample of revaluations made during the year to ensure they were input correctly into the Authority’s asset register&lt;br&gt;• Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves these were not materially different to current value.</td>
<td>Our audit work has not identified any significant issues in relation to the risk identified.&lt;br&gt;Our work included testing a sample of additions during the year to supporting evidence to ensure that expenditure had been properly approved and correctly recorded. We also confirmed for a sample of 19 assets that ownership and legal title was in the name of the Authority by agreement to Land registry certificates.&lt;br&gt;We have agreed the assets revalued in the year by the valuers, GVA Grimley Ltd, to property plant and equipment register and general ledger and reviewed the assumptions used by the valuers.&lt;br&gt;We are also satisfied that the new Bury Training Centre which was brought into use towards the end of the financial period was properly valued and accounted for in the books of the Authority.</td>
</tr>
<tr>
<td><strong>Valuation of pension net liability</strong>&lt;br&gt;The Authority’s pension net liability, as reflected in its balance sheet, represents a significant estimate in the financial statements.</td>
<td>We have undertaken the following work in relation to this risk:&lt;br&gt;• Identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and were sufficient to mitigate the risk of material misstatement.&lt;br&gt;• Reviewed the competence, expertise and objectivity of the actuary who carried out the pension valuation.&lt;br&gt;• Gained 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.&lt;br&gt;• Reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary.</td>
<td>Our audit work has not identified any significant issues in relation to the risk identified.&lt;br&gt;For Local Government Pension Scheme (LGPS) and the two firefighter pension schemes we undertook a review of the relevant actuary’s work to satisfy ourselves that the pension liabilities are fairly stated in the financial statements. In doing so we engaged our own independent actuary to assess the methodology and assumptions used by the schemes actuary.&lt;br&gt;For LGPS we have confirmed with the LGPS external auditor that the controls over membership data were operating as intended. For the two firefighter schemes we have reviewed the information sent to the actuary ourselves and confirmed it was consistent with our expectations.&lt;br&gt;For both LGPS and the firefighter pension schemes we have reviewed the assumptions used for each of these variables. Our own independent actuary has also confirmed that they are comfortable that the assumptions used by both Hyman’s Robertson and Government Actuary Department (GAD) are reasonable for the purpose of valuing the pension fund liabilities as at 7 May 2017.</td>
</tr>
</tbody>
</table>
Audit findings against other risks

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

<table>
<thead>
<tr>
<th>Transaction cycle</th>
<th>Description of risk</th>
<th>Work completed</th>
<th>Assurance gained &amp; issues arising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>Non-pay expenditure represents a significant percentage of the Authority’s gross expenditure. Management uses judgement to estimate accruals of un-invoiced non-pay costs. We identified the completeness of non-pay expenditure in the financial statements as a risk requiring particular audit attention: • Creditors understated or not recorded in the correct period (Operating expenses understated)</td>
<td>We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls were operating in line with our documented understanding • Reviewed managements processes to raise accruals and to ensure the accruals recognised are materially complete • Tested a sample of creditor balances and accruals recognised in the year end balance sheet • Tested cash payments made after the year end to identify potential unrecorded liabilities and gain assurance over the completeness of the payables balance in the accounts</td>
<td>Our audit work has not identified any significant issues in relation to the risk identified. We are satisfied that the non-pay expenditure are appropriate.</td>
</tr>
<tr>
<td>Employee remuneration</td>
<td>Employee remuneration accruals are understated.</td>
<td>We have undertaken the following work in relation to this risk: • Documentation of the system and identification of controls and walkthrough test of the payroll system • Tested a sample of payroll transactions for the year • Substantive testing of significant year end payroll accruals • A trend analysis of pay by month to confirm there are no unusual fluctuations throughout the year • Testing of the reconciliation between the payroll system and the amounts recorded in the financial statements • Reviewed and tested the remuneration report and exit package disclosures.</td>
<td>Our audit work has not identified any significant issues in relation to the risk identified. We are satisfied that the employee remuneration items are appropriate.</td>
</tr>
</tbody>
</table>

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity’s controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them."

(ISA (UK&I) 315)
## Audit findings against other risks continued

<table>
<thead>
<tr>
<th>Transaction cycle</th>
<th>Description of risk</th>
<th>Work completed</th>
<th>Assurance gained &amp; issues arising</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fire Pensions Benefits Payable</strong></td>
<td>Benefits improperly computed / Claims liability understated</td>
<td>We have undertaken the following work in relation to this risk:</td>
<td>Our audit work has not identified any significant issues in relation to the risk identified.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• documented our understanding of processes and key controls over the transaction cycle</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• compared the total pensioner payroll with comparative figures and rationalised by reference to the changes to the expected value (e.g. pension increases, new pensioners, deaths).</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Substantively tested a sample of pension benefit payments made in the year.</td>
<td></td>
</tr>
<tr>
<td><strong>Changes to the presentation of local authority financial statements</strong></td>
<td>CIPFA has been working on the ‘Telling the Story’ project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 CIPFA Code of Practice.</td>
<td>We have undertaken the following work in relation to this risk:</td>
<td>Our audit work has identified that the required presentational changes have generally been appropriately made.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements</td>
<td>To comply with the Code, we agreed with management that Non-distributed Cost be included as part of the Corporate and Democratic Core line.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority’s internal reporting structure</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.</td>
<td></td>
</tr>
</tbody>
</table>
## Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority’s financial statements.

<table>
<thead>
<tr>
<th>Accounting area</th>
<th>Summary of policy</th>
<th>Comments</th>
<th>Assessment</th>
</tr>
</thead>
</table>
| **Revenue recognition** | • Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.  
• Where income and expenditure have been recognised but cash has not been received or paid, a debtor or a creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. | • The Authority’s accounting policy is in line with the requirements of the CIPFA code and is adequately disclosed in the accounts.  
• Our testing of income and debtors confirmed the Authority is recognising income in line with its accounting policy. | 🟢         |
| **Judgements and estimates** | • Key estimates and judgements include:  
  - Useful life of PPE and classification of fire premises as specialised or non-specialised  
  - Revaluation and Impairments  
  - Accruals  
  - Valuation of pension fund net liability  
  - Other provisions | We have:  
• reviewed the estimates and judgements made in the accounts as part of our work with no matters arising.  
• reviewed the process by which management have used an external expert to provide a valuation of the Authority’s property assets, which include the new Practical Training Centre and Sage Building at Bury.  
• sample tested valuations undertaken in the year to confirm they are appropriately included in the statement of accounts.  
• reviewed the calculation of your insurance provision and reviewed the basis for your provision for business rate appeals to confirm the judgements made by management are reasonable and consistent with prior years. | 🟢         |
### Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority’s financial statements.

<table>
<thead>
<tr>
<th>Accounting area</th>
<th>Summary of policy</th>
<th>Comments</th>
<th>Assessment</th>
</tr>
</thead>
</table>
| Going Concern   | The GMCA’s Treasurer (s73 officer) has a reasonable expectation that the services provided by Greater Manchester Fire and Rescue Authority in 2016/17 will continue for the foreseeable future under the GMCA. The Greater Manchester Combined Authority (GMCA)( Fire and Rescue Functions) Order 2017 was made on the 24 March 2017. The Order provides for the transfer of fire and rescue functions to the GMCA effective 8 May 2017. Under the Order:  
• the fire and rescue functions are now exercisable by the elected Mayor.  
• the arrangements allow the Mayor to appoint a committee of up to 15 members from the Greater Manchester constituent councils to exercise fire and rescue functions, subject to certain non-delegable matters.  
• The Greater Manchester Fire and Rescue Authority was abolished on 7 May 2017 and the property, rights and liabilities of the Authority transferred to the GMCA.  

The GMCA Treasurer (s73 officer) has assessed that the transfer does not impact upon the services provided by the Fire Service to the residents of Greater Manchester. The Treasurer has also considered whether in accounting terms, the authority’s functions and services will continue in operational existence for the foreseeable future.  

The Accounting Code of Practice makes it clear that the abolition of an Authority and or transfer of its functions to another public body does not bring the concept of going concern into question, as the function in this case, the provision of fire and rescue services will continue under the Greater Manchester Combined Authority. | As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK&I) 570).  
We reviewed the management’s assessment of the going concern assumption and the disclosures in the financial statements and concluded that the assessment was appropriate. Management have agreed to include disclosures within Note 1, Accounting Policies, around the transfer of the Authority’s functions to Greater Manchester Combined Authority from 8 May 2017. We have included an emphasis of matter paragraph within our Auditor report to draw the attention of the readers of the accounts to these disclosures. | ![Marginal accounting policy which could potentially attract attention from regulators](https://example.com/marginal.png)  
![Accounting policy appropriate but scope for improved disclosure](https://example.com/appropriate.png)  
![Accounting policy appropriate and disclosures sufficient](https://example.com/sufficient.png) |
### Accounting policies, estimates and judgements (continued)

<table>
<thead>
<tr>
<th>Accounting area</th>
<th>Summary of policy</th>
<th>Comments</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other accounting policies</td>
<td>The Authority has reviewed the standard CIPFA accounting policies and adopted them as appropriate to its statement of accounts.</td>
<td>We have reviewed the Authority’s policies against the requirements of the CIPFA Code of Practice. The Authority’s accounting policies are appropriate and consistent with previous years however we have raised the issue of the departure from the standards in its application of IFRS 11. The Authority holds a 25 per cent share in North West Fire Control (NWFC) as a joint operation, but have chosen, on the grounds of immateriality not to account for its interest in it. Whilst income and expenditure is included within the Authority’s accounts, its share of assets and liabilities are excluded on the basis of not being material. IFRS 11 requires all income, expenditure, assets and liabilities to be included. We discussed with management the arrangements and the related accounting treatment of Greater Manchester Fire Authority’s share. We are satisfied that management has demonstrated that it is appropriate to treat this arrangement as a joint operation. For joint operations, IFRS 11 requires a reporting authority that is a joint operator to recognise in relation to its joint interest in a joint operation, all: • its assets, including its share of any assets held jointly; • its liabilities, including its share of any liabilities incurred jointly; • its revenue from the sale of its share of the output arising from the joint operation; • its share of the revenue from the sale of the output by the joint operations; and • its expenses, including its share of any expenses incurred jointly. Management has determined that Greater Manchester Fire Authority's share of NWFC assets, liabilities and operating revenues and expenses are not material for 2016/17. The Authority has therefore not made any accounting adjustments for its share of NWFC's balances, above those processed as part of day-to-day transactions with NWFC through its income and expenditure account. We have included the unadjusted misstatements arising from this decision on page 21 ‘Unadjusted Misstatements’. We have reviewed the Authority's share of NWFC balances on a line by line basis and confirmed that after intra-group balances have been deducted, the Authority's share is not material. Whilst they are not material our view is that they should be reflected in the Authority’s financial statements.</td>
<td>Marginal accounting policy which could potentially attract attention from regulators</td>
</tr>
</tbody>
</table>
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 the former Greater Manchester Fire and Rescue Audit, Scrutiny and Standards Committee. We have not been made aware of any other incidents in the period. 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>From the work we carried out, we have not identified any 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. We have not identified any incidences from our audit work.</td>
</tr>
<tr>
<td>4. Written representations</td>
<td>A letter of representation has been requested. We have requested management to confirm reasons for decision not to adjust the accounts with the Authority’s share of its assets and liabilities in North West Fire Control Ltd.</td>
</tr>
<tr>
<td>5. Confirmation requests from third parties</td>
<td>We requested from management permission to send a confirmation requests to your bank. This permission was granted and the request was sent. As at 6 September, we are awaiting bank confirmation letter from Barclays bank with regards to short term investments, should this not materialise we will look to rely on alternative audit procedures.</td>
</tr>
</tbody>
</table>
| 6. Disclosures | From the work we carried out, we identified an opportunity for the Authority to include an additional note in support of the EFA, which was a further analysis of income and expenditure by nature.  
Our review found no material omissions in the financial statements. Management have included some minor amendments and improvements to the statement of accounts |
## Other communication requirements continued

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
</tr>
</thead>
</table>
| 7. Matters on which we report by exception | We are required to report on a number of matters by exception:  
- We have not identified any issues we would be required to report by exception in the following areas:  
- 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 information of which we are aware from our audit.  
- The information in the Narrative Report is materially inconsistent with the information in the audited financial statements or our knowledge of the Authority acquired in the course of performing our audit, or otherwise misleading. |
| 8. Specified procedures for Whole of Government Accounts | 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. In normal circumstances the WGA pack would be prepared for period ending 31 March. As the financial statements have been prepared for the period ending 7 May 2017, management should consult with CLG officers to determine the cut-off point for the 2016/17 WGA.  
Audit work is not required as the Authority does not exceed the threshold. |
Adjusted misstatements

A number of adjustments to the draft accounts have been identified during the audit process. We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

**Impact of adjusted misstatements**

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year.

<table>
<thead>
<tr>
<th>Detail</th>
<th>Comprehensive Income and Expenditure Statement</th>
<th>Balance Sheet (Pension Fund Net Assets Statement)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dr £’000</td>
<td>Cr £’000</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lump sum payments for staff who retiring on or just before 7 May 2017 were miscoded in the ledger, now being corrected.</td>
<td>Pension Top Up Grant Receivable</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Debtors</td>
<td>-</td>
</tr>
<tr>
<td>Totals for adjustments</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Net adjustment</td>
<td></td>
<td>£nil</td>
</tr>
</tbody>
</table>
## Misclassifications and disclosure changes

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

<table>
<thead>
<tr>
<th>Adjustment type</th>
<th>Value £'000</th>
<th>Account balance</th>
<th>Impact on the financial statements</th>
</tr>
</thead>
</table>
| 1 Misclassification | £199k | Property, Plant & Equipment | Note 11 on page 23 has been improved to include 2 separate lines of “Assets reclassified as Heritage assets (£80k)” and “Assets reclassified from Investment Property (£280k)”.
| 2 Misclassification | £1,644k | Defined Benefit Pension Schemes | Future employer contributions figure of £1.644m disclosed in note 36 on page 53 has been taken out as the figures as at 31 March 2018 has not been provided by the actuary and the figure as at 7 May 2018 does not provide relevant information for the reader of the accounts.
| 3 Misclassification | 9k | Exit Packages | Amended note 29 Table (c) to correct amounts for total cost of exit packages in each band as follows:
| | | | Reduced band 0-20,000 by £10k to £220k
| | | | Increased band 20,001 to £40,000 by £1k
| | | | Reduced total from £475k to £466k by £9k.
| 4 Misclassification Disclosure | 393 | Property, Plant & Equipment | Corrected the analysis of Cost/Valuation table on page 25 to agree to PPE table on movements on balances on page 23. The Cost or Valuation Table figures have been increased by £393 from £85,525k to £85,918k.
| 5 Disclosure | - | Property, Plant & Equipment | Accounting Policies note 39 has been improved to disclose useful economic lives of Property, Plant and Equipment.
| 6 Disclosure | - | Property, Plant & Equipment | Note 11 on page 24 has been expanded to disclose specific revaluation of the Practical Training Centre and Sage Building at Bury as at 7 May 2017.
| 7 Disclosure | n/a | Various notes/disclosures | We have agreed a number of minor amendments to the disclosures to improve the overall presentation of the financial statements.
### Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management’s proposed treatment of all items recorded within the table below:

<table>
<thead>
<tr>
<th>Detail</th>
<th>Comprehensive Income and Expenditure Statement</th>
<th>Balance Sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dr £’000</td>
<td>Cr £’000</td>
</tr>
<tr>
<td></td>
<td>Dr £’000</td>
<td>Cr £’000</td>
</tr>
<tr>
<td>1. GMFRS’s share (25%) of assets in North West Fire Control Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Current Assets</td>
<td>965</td>
</tr>
<tr>
<td></td>
<td>Non Useable Reserves</td>
<td></td>
</tr>
<tr>
<td>2. GMFRS’s share (25%) of liabilities in North West Fire Control Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non useable reserves</td>
<td>814</td>
</tr>
<tr>
<td></td>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>3. GMFRS’s share (25%) of Profit after Tax in North West Fire Control Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Debtors</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Financing &amp; Investment Income and Expenditure</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net adjustment</td>
<td>£26</td>
<td>£26</td>
</tr>
</tbody>
</table>

Note that these figures are from the North West Fire Control Ltd’s financial statements for the period ended 31 March 2017.
Section 3: Value for Money
Value for Money

Background

We are required by section 21 of the Local Audit and Accountability Act 2014 (‘the Act’) and the NAO Code of Audit Practice (‘the Code’) to satisfy ourselves that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Authority. The Act and NAO guidance state that for local government bodies, including fire authorities, auditors are required to give a conclusion on whether the Authority has put proper arrangements in place.

In carrying out this work, we are required to follow the NAO’s Auditor Guidance Note 3 (AGN 03) issued in November 2016. AGN 03 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.

AGN03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

Risk assessment

We carried out an initial risk assessment in February 2017 and identified two significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. These were developing sustainable financial plans and the arrangements in place to manage the transition to the Greater Manchester Combined Authority. We communicated this to the former Greater Manchester Fire and Rescue Authority’s Audit, Scrutiny and Standards Committee in our Audit Plan dated April 2017.

We have continued our review of relevant documents up to the date of giving our report.

We have not identified any further significant risks where we need to perform further work.
We set out below our key findings against the potential risks we identified through our initial risk assessment.

<table>
<thead>
<tr>
<th>Potentially significant risk</th>
<th>Work to address</th>
<th>Findings and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Developing sustainable financial plans</strong></td>
<td>Review of the management arrangements in place to deliver savings and strategic priorities</td>
<td>The Authority demonstrated its sound financial management arrangements in that it delivered its required efficiency savings target for 16/17 as per its budget strategy. For 16/17 the Authority achieved a surplus of £0.417m. In order to invest in the future efficient running of the service the Authority continued to invest in its service and key strategic priorities. In 16/17 £15.12m was spent on various capital schemes. The largest scheme was the construction and development of the Practical Training Centre at Bury which is now fully operational. We are satisfied, on the basis of the areas reviewed, that the Authority had put in place appropriate arrangements for securing financial sustainability during the period. An unqualified VFM conclusion is proposed.</td>
</tr>
<tr>
<td><strong>2. Management of transition to the Greater Manchester Combined Authority</strong></td>
<td>Discuss with officers Attendance at Audit, Scrutiny and Standards Committee Review of minutes of the senior Leadership Team Review of documents and project plans</td>
<td>A transition project group was established to review and align all existing functions. The purpose of the group was to ensure the transition took place as efficiently and effectively as possible. As part of the project key roles and resources were identified and named individuals given specific responsibilities. The group’s reporting arrangements, including risk escalation procedures were documented. We are satisfied, on the basis of the areas reviewed, that the Authority’s arrangements for managing the risks associated with the transition to the Greater Manchester Combined Authority were appropriate. An unqualified VFM conclusion is proposed.</td>
</tr>
</tbody>
</table>
**Significant qualitative aspects**

AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority’s arrangements for delivering economy, efficiency and effectiveness. We have focused our work on the identifying whether there were any significant risks to our VfM conclusion that we identified in the Authority’s arrangements. We ensured that we updated our review of your arrangements to ensure that there were no additional risks identified. Our work included reviewing key documents and discussing issues with your officers.

**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. The text of our report, which confirms this can be found at Appendix A.

**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**

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

**Any other matters**

There were no other matters from our work which were significant to our consideration of your arrangements to secure value for money in your use of resources.
Section 5: Fees, non-audit services and independence
We confirm below our final fees charged for the audit.

### Fees

<table>
<thead>
<tr>
<th>Service</th>
<th>Proposed fee £</th>
<th>Final fee £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority audit</td>
<td>£39,744</td>
<td>TBC</td>
</tr>
<tr>
<td>Total audit fees (excluding VAT)</td>
<td>£39,744</td>
<td>TBC</td>
</tr>
</tbody>
</table>

The above fee was set by the Public Sector Auditor Appointments (PSAA) for the audit of the Authority’s 12 month accounts to 31 March 2017. Given the subsequent abolition of the Authority and the decision to produce accounts to 7 May 2017, we are seeking an additional fee to cover the additional audit input required. Any change in the final fee will be reported in the Annual Audit Letter.

### Independence and ethics

- Ethical Standards and ISA (UK&I) 260 require us to give you timely disclosure of matters relating to our independence.
- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board’s Ethical Standards and confirm that we 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 Auditing Practices Board’s Ethical Standards.
- For purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The Table below summarises all non-audit services which were identified.

### Fees for other services

<table>
<thead>
<tr>
<th>Service</th>
<th>Fees £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-audit services</td>
<td></td>
</tr>
<tr>
<td>Tax subscription Support Service for both employment tax and VAT *</td>
<td>2,500</td>
</tr>
<tr>
<td>Total audit fees (excluding VAT)</td>
<td>2,500</td>
</tr>
</tbody>
</table>

* Now discontinued in compliance with changes to ethical standards
Section 6: Communication of audit matters
Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite. This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

<table>
<thead>
<tr>
<th>Respective responsibilities</th>
<th>Audit Plan</th>
<th>Audit Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<a href="http://www.psaa.co.uk/appointing-auditors/terms-of-appointment">http://www.psaa.co.uk/appointing-auditors/terms-of-appointment</a>). We have been appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters. Our annual work programme is set in accordance with the Code of Audit Practice (&quot;the Code&quot;) issued by the NAO (<a href="https://www.nao.org.uk/code-audit-practice/about-code/">https://www.nao.org.uk/code-audit-practice/about-code/</a>). Our work considers the Authority’s key risks when reaching our conclusions under the Code. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respective responsibilities of auditor and management/those charged with governance</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Confirmation of independence and objectivity</td>
<td>✓ ✓</td>
<td></td>
</tr>
<tr>
<td>A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence Material weaknesses in internal control identified during the audit Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements Non compliance with laws and regulations Expected modifications to auditor’s report, or emphasis of matter Unadjusted misstatements and material disclosure omissions Significant matters arising in connection with related parties Significant matters in relation to going concern</td>
<td>✓ ✓</td>
<td></td>
</tr>
</tbody>
</table>
Appendix

A. Draft Audit Opinion
We anticipate we will provide the Authority with an unmodified audit report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREATER MANCHESTER COMBINED AUTHORITY IN RESPECT OF GREATER MANCHESTER FIRE AND RESCUE AUTHORITY

We have audited the financial statements of Greater Manchester Fire and Rescue Authority (the "Authority") for the year ended 7 May 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Greater Manchester Combined Authority in respect of Greater Manchester Fire and Rescue Authority, as a body, in accordance with Part 5 of the Act 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 members of Greater Manchester Combined Authority those matters we are required to state to them in an auditor's report in respect of Greater Manchester Fire and Rescue Authority and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Greater Manchester Fire and Rescue Authority and the members of Greater Manchester Combined Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor
As explained more fully in the Statement of Responsibilities, the Treasurer of Greater Manchester Combined Authority is responsible for the preparation of the Statement of Accounts of Greater Manchester Fire and Rescue 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 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements of Greater Manchester Fire and Rescue Authority in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to Greater Manchester Fire and Rescue Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant Board’s Ethical Standards for Auditors.

Opinion on financial statements
In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 7 May 2017 and of its expenditure and income for the period then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

© 2017 Grant Thornton UK LLP | Audit Findings Report for Greater Manchester Fire and Rescue Authority | 2016/17
A: Audit opinion

We anticipate we will provide the Authority with an unmodified audit report

Emphasis of matter – Basis of preparation – Going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 2 and 38 to the financial statements concerning the basis of preparation of the financial statements. As explained in note 2 the Authority ceased to exist on 7 May 2017 and the Authority’s staff, properties, rights and liabilities transferred to the Greater Manchester Combined Authority on 8 May 2017, under The Greater Manchester Combined Authority (GMCA)(Fire and Rescue Functions) Order 2017. In accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, the Authority has prepared the financial statements on a going concern basis.

Opinion on other matters
In our opinion, the other information published together with the audited financial statements in the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception
We are required to report to you if:

• in our opinion the Annual Governance Statement does not comply with the guidance included in ‘Delivering Good Governance in Local Government: Framework (2016)’ published by CIPFA and SOLACE; or

• we have reported a matter in the public interest under section 24 of the Act on Greater Manchester Fire and Rescue Authority in the course of, or at the conclusion of the audit; or

• we have made a written recommendation to the Greater Manchester Fire and Rescue Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or

• we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources
Respective responsibilities of the Authority and auditor
Greater Manchester Fire and Rescue Authority was 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.

We are required under Section 20(1)(c) of the Act to be satisfied that Greater Manchester Fire and Rescue 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 Greater Manchester Fire and Rescue Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources
We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether 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 criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Greater Manchester Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 7 May 2017.

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

Conclusion
On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects Greater Manchester Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of its resources for the period ended 7 May 2017.

We certify that we have completed the audit of the financial statements of Greater Manchester Fire and Rescue Authority in accordance with the requirements of the Act and the Code of Audit Practice.

Robin Baker
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Royal Liver Building, Liverpool, L3 1PS
XX September 2017
Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act on Greater Manchester Fire and Rescue Authority in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Greater Manchester Fire and Rescue Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

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

Respective responsibilities of the Authority and auditor

Greater Manchester Fire and Rescue Authority was 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.

We are required under Section 20(1)(c) of the Act to be satisfied that Greater Manchester Fire and Rescue 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 Greater Manchester Fire and Rescue Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether 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 criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Greater Manchester Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 7 May 2017.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects Greater Manchester Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 7 May 2017.

Certificate

We certify that we have completed the audit of the financial statements of Greater Manchester Fire and Rescue Authority in accordance with the requirements of the Act and the Code of Audit Practice.

Robin Baker
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

September 2017