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Dear Committee members

Conclusion of pending matters update – Audit completion report

Following on from our previous reports to the Audit Committee and as required by International Standards on Auditing (UK), I am writing to communicate the conclusion of those matters with respect to the group audit.

Appendix 1 outlines the misstatements identified from the audit of the significant group components which impact GMCA's group financial statements.

If you wish to discuss these or any other points discussed at the meeting, then please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink that reads "Karen Murray".

Karen Murray

Key Audit Partner

Appendix 1: Misstatements – Group

This section outlines the group misstatements we have identified, above the trivial threshold for adjustment of £1,407k. The table below outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

Unadjusted misstatements

| Details of adjustment | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|--|--|-------------|---------------|-------------|
| | Dr (£ '000) | Cr (£ '000) | Dr (£ '000) | Cr (£ '000) |
| Dr: Property, plant and equipment Cr: Revaluation reserve Adjustment relates to the valuation movement for land and buildings that had not been reflected in TFGM's accounts on the basis of materiality. | | | 1,714 | 1,714 |
| Dr: Accruals Cr: Expenditure- Highways and Transport Services During our testing of accruals we identified two sample items that was not correctly accrued for in 23/24. Applying our audit methodology, we extrapolated this, and if the error was representative of the whole population, expenditure would be misstated by £1,766k. | | 1,766 | 1,766 | |
| Dr: Financing and investment expenditure Cr: Other comprehensive income- Remeasurement of Net Defined Liability/asset Relates to the adjustment to recognise the financing element of the movement in the pension asset ceiling. | 2,387 | | | 2,387 |
| Continued overleaf | | | | |

| Details of adjustment | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|---|--|-------------|---------------|-------------|
| | Dr (£ '000) | Cr (£ '000) | Dr (£ '000) | Cr (£ '000) |
| Dr: Pension reserve Cr: Net pension liability Represents the difference between the LGPS actuary report used to compile the accounts and a revised LGPS actuary report from Hymans based a full year actuals | | | 1,927 | 1,927 |
| Dr: Net pension liability Cr: Pension reserves Represents the difference between the LGPS actuary report used to compile the accounts and a revised LGPS actuary report from Hymans based a full year actuals | | | 3,224 | 3,224 |
| Dr: Net pension liability Cr: Pension reserves Represents GMP's share of a £26m error identified in the GMPF auditor testing of pension assets. This related to the valuation of pooled investment vehicles which had been understated. | | | 1,018 | 1,018 |
| Continued overleaf | | | | |

| Details of adjustment | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|--|--|--------------|---------------|---------------|
| | Dr (£ '000) | Cr (£ '000) | Dr (£ '000) | Cr (£ '000) |
| Dr: Net pension liability Cr: Pension reserves Represents GMP's share of a £44m error identified in the GMPF auditor's testing of pension assets. This related to the difference in the GMPF assets when compared to the assets submitted to the actuary. | | | 1,722 | 1,722 |
| Dr: Prepayments Cr: Expenditure- Policing services During our testing of expenditure we identified one sample items that was not correctly accrued for in 23/24. Applying our audit methodology, we extrapolated this, and if the error was representative of the whole population, expenditure would be misstated by £1,443k. | | 1,443 | 1,443 | |
| Dr: Financing expenditure- pensions interest cost Cr: Pension reserves/Other comprehensive income and expenditure Relates to the adjustment to recognise the financing element of the movement in the pension asset ceiling. | 6,386 | | | 6,386 |
| Total | 8,773 | 3,209 | 12,814 | 18,378 |

Adjusted misstatements

The table below outlines the misstatements that have been adjusted by management during the course of the audit:

| Details of adjustment | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|---|--|---------------|---------------|-------------|
| | Dr (£ '000) | Cr (£ '000) | Dr (£ '000) | Cr (£ '000) |
| Dr: Expenditure- Highways and Transport Services | 15,289 | | | |
| Cr: Income- Highways and Transport Services | | 15,289 | | |
| Recognition of revenue and expenditure with respect to purchases of buses that were previously treated as agency. | | | | |
| Total | 15,289 | 15,289 | - | - |

Disclosure Adjustments

During our audit we identified a number of adjustments to the group disclosures in the accounts. The disclosure changes include:

- **Note 45- Group Officer Remuneration-** inclusion of the Interim Chief Network Officer in the Senior Officer note.
- **Note 46- Group Capital and Lease Commitments-** TfGM programme related capital commitments decreased by £4,542k.
- **Note 47- Group Property, Plant and Equipment-** Reclassification of £28,413k of bus depot assets from infrastructure assets to the land and buildings (£11,825k), surplus assets (£16,483k) and investment properties (£105k).