

Greater Manchester Combined Authority

Audit Committee

Date: 22nd September 2025

Subject: Draft Statement of Accounts, 2024/25 Update

Report of: Steve Wilson, Treasurer

Purpose of Report

To update Audit Committee on the Draft Statement of Accounts, 2024/25.

Recommendations:

The Audit Committee is requested to:

1. Note the contents of the report.

Contact Officers

Steve Wilson
Group Chief Financial Officer
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Equalities Impact, Carbon and Sustainability Assessment:

n/a

Risk Management

Risk relating external audit and statutory accounts compliance

Legal Considerations

n/a

Financial Consequences – Revenue

n/a

Financial Consequences – Capital

n/a

Number of attachments to the report: none

Comments/recommendations from Overview & Scrutiny Committee

n/a

Background Papers

- None

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

n/a

Bee Network Committee

n/a

Overview and Scrutiny Committee

n/a

1. Introduction/Background

- 1.1. This report outlines the current position in respect of Greater Manchester Combined Authority Statement of Accounts.
- 1.2. A draft set of accounts is unavailable for the Audit Committee meeting of 22nd September 2025.
- 1.3. The statutory accounts are expected to be ready for publication no later than 26th September 2025.

2. Reasons for Delay

- 2.1. The delay in publication for GMCA is due to the requirements IFRS16.
- 2.2. IFRS 16 is a new accounting standard which applies to Local Authority accounts for the first time for the year ended 31st March 2025. IFRS16 introduces a new approach to accounting for leases, called the 'right-of-use' model. This means that if a local authority has control over, or right to use, an asset they are renting, it is classified as a lease for accounting purposes and, under the new rules, must be recognised on the balance sheet. GMCA single entity and group accounts are significantly impacted by this accounting change due to both scale and complexity.

3. External Audit Progress Report

- 3.1. The External Audit progress report (item 17 of this agenda) notes the following concern in respect to the statement of accounts and IFRS 16.
- 3.2. "Greater Manchester Combined Authority was unable to publish the draft Statement of Accounts for the year ending 31 March 2025 by the statutory deadline of 30th June due to work in relation to IFRS16 still being ongoing. The impact of the new standard has previously been assessed as expected to be material based by management. The implementation of the standard in the local government sector has been planned for several years.

There is a risk Greater Manchester Combined Authority does not have suitable arrangements in place to ensure processes and systems support statutory financial reporting requirements within statutory deadlines.”

- 3.3. GMCA have reviewed their current approach and preparation for IFRS 16 for future years.

4. Future Year Mitigations

Causes and Mitigations: IFRS 16 Delays		
Cause 2024/25	Summary	Mitigation for 2025/26
Staffing shortages	The Corporate & Technical team of 3 people are responsible for year-end accounts. Due to unforeseen circumstances, the team was temporarily reduced to 1 person from late January to late March, a key period in accounts preparation.	The staffing structure of the team has been reviewed and additional capacity has been added to the structure for the financial year 2025/26. Closer links across group technical teams (CA, TfGM, Police) and a shared platform for IFRS16 has aligned the group approach to this issue and created additional resilience across operational teams.
Delays in procuring the Complete Control system	The timeline of the procurement of the contract and system access for the IFRS 16 software, which was required to complete the IFRS 16 figures and journals for statutory accounts was longer than initially anticipated.	The system is now operational with a contract duration of three years (covering years ending 2024/25, 2025/26, 2026/27). Renewal/reprocurement of this contract is planned for 2026/27 in readiness for future years.
Third party provider resourcing	The resourcing plan for the third party provider was not aligned with the year end accounts timetable.	For future years, the timetable ensures lease information is updated throughout the year and the year end timetable is mapped against third party resource availability.
Data complexity	Complexities in our lease portfolio which required significant engagement between third party technical support, software provider and GMCA.	Following completion of 2024/25 there is detailed understanding and records of our portfolio of leases in respect to IFRS16 requirements across the relevant internal teams. The volume and complexity of any amendments for future years will be significantly less than this initial year.

5. Next Steps

- 5.1. Following publication of the statutory accounts (expected no later than 26th September 2025), it is proposed to offer Audit Committee members a further session to review the accounts in more depth prior to the next audit meeting on 24th November 2025 when the accounts will be presented for formal review.

6. Summary and Conclusion

- 6.1 The Audit Committee is asked to comment on and note this report.