



Auditor's Annual Report  
Tameside Metropolitan Borough Council – year ended 31 March 2023

December 2024

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# 01

Introduction

# Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report ('AAR') summarises the work we have undertaken as the auditor for Tameside Metropolitan Borough Council ('the Council') for the year ended 31 March 2023. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

### Wider reporting responsibilities

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts ('WGA') submission. The Council is below the threshold for detailed testing as set out by the NAO in their group instructions. The Comptroller and Auditor General has issued his opinion and certificate on the WGA on 22 November 2024 and there is no further work required by us in respect of the WGA submission.

The Local Authority and Accountability Act 2014 gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

### Value for Money arrangements

In our audit report issued we reported that we had completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Council's arrangements.

### Opinion on the financial statements

We issued our audit report on 04 December 2024. Our opinion on the financial statements was unqualified.

# 02

Audit of the financial statements

# Audit of the financial statements

## Tameside Metropolitan Borough Council

### The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) ('ISAs'). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2023 and of its financial performance for the year then ended. Our audit report, issued on 04 December 2024 gave an unqualified opinion on the financial statements for the year ended 31 March 2023.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in the Appendix. In the appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

### Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council in July 2023. Due to the delay in commencing the audit and other Greater Manchester authority audits identifying issues affecting accounts across the region, the Council amended their accounts for these issues in advance of us commencing our audit. Revised accounts were provided in March 2024.

The quality of the accounts and associated working papers has improved from the prior year, reflected by our reporting of fewer misstatements when compared with the prior year audit completion report. There were some delays in receiving evidence in relation to our sample testing, however the impact of this was mitigated by the additional quality checks the finance team put in place on the evidence supplied. This resulted in fewer follow up queries.

### Other reporting responsibilities

| Reporting responsibility    | Outcome   |
|-----------------------------|---|
| Annual Report               | We did not identify significant inconsistencies between the content of the annual report and our knowledge of the Council.  |
| Annual Governance Statement | We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting. |

# Audit of the financial statements

## Greater Manchester Pension Fund

### The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) ('ISAs'). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Pension Fund and whether they give a true and fair view of the Pension Fund's financial position as at 31 March 2023 and of its financial performance for the year then ended. Our audit report, issued on 04 December 2024 gave an unqualified opinion on the financial statements for the year ended 31 March 2023.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in the Appendix. In the appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

### Qualitative aspects of the Pension Fund's accounting practices

We have reviewed the Pension Fund's accounting policies and disclosures and concluded they comply with the 2022/23 Code of Practice on Local Authority Accounting, appropriately tailored to the Pension Fund's circumstances.

Draft accounts were received from the Pension Fund on 17 July 2023 and were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Pension Fund officers have been very helpful in promptly answering detailed audit queries and prioritising the prompt conclusion of our audit.

### Other reporting responsibilities

| Reporting responsibility | Outcome  |
|--------------------------|--|
| Consistency report       | We will finalise the work on the consistency between the financial statements included in the Pension Fund Annual Report and the audited financial statements of Tameside Metropolitan Borough Council on receipt of the final Pension Fund Annual Report. |

03

Our work on Value for Money arrangements

VFM arrangements

Overall Summary



# VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



**Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services.



**Governance** - How the Council ensures that it makes informed decisions and properly manages its risks.



**Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on the following pages.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - We make these recommendations for improvement where we have identified a significant weakness in the Council arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

# VFM arrangements – Overall summary

## Overall summary by reporting criteria

| Reporting criteria  | Commentary page reference | Identified risks of significant weakness? | Actual significant weaknesses identified? | Other recommendations made? |
|---|---------------------------|---|---|-----------------------------|
|  <b>Financial sustainability</b>                        | 14 – 16                   | No  | No  | No                          |
|  <b>Governance</b>                                      | 17 – 21                   | Yes – see risks on pages 12 to 13         | Yes – see recommendation on page 26       | No                          |
|  <b>Improving economy, efficiency and effectiveness</b> | 22 – 24                   | Yes – see risk on page 13                 | Yes – see recommendation on page 26       | No                          |

# VFM arrangements – Overall summary

## Risks of significant weaknesses in arrangements

We have outlined below and on the following page the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

| Risk of significant weakness in arrangements  | Work undertaken and the results of our work  |
|---|--|
| <p><b>1 Quality of the Draft Statement of Accounts Submitted for Audit</b><br/>           In our audit for the year ending 31 March 2021 we highlighted several issues including the poor quality of the draft financial statements submitted for audit and the significant difficulties encountered during the audit process.</p> <p>We had significant issues with the Property Plant and Equipment valuations and underlying Estates records where management failed to provide sufficient oversight and challenge over the valuations process, leading to material misstatements being identified during the audit process.</p> <p>There were other issues with the draft financial statements published by the Council across a range of areas and this led to a significant delay in issuing the audit opinion. This delay had a consequential impact on the audit for the year ending 31 March 2022.</p> <p>In our view, the issues identified during our audit last year indicated a significant weakness in relation to the Council's arrangements for governance; specifically, with regard to financial reporting.</p> | <p><b>Work undertaken</b><br/>           To follow up on the identified weakness in the prior year, we have:</p> <ul style="list-style-type: none"> <li>• Reviewed the Council's arrangements to produce its financial statements in 2022/23;</li> <li>• Reviewed how management engages with, and challenges the information provided by its experts; and</li> <li>• Drawn on conclusions from the 2022/23 accounts audit to determine whether these highlight any actual weaknesses in arrangements.</li> </ul> <p><b>Results of our work</b><br/>           In the build-up to the end of the financial year ended 31 March 2023, and shortly after, management had engaged with their property valuers to ensure accurate valuations were obtained for reporting within the accounts. This included providing the right information to the valuer, and challenging the valuer on the values included in their report. Management have delivered training to staff on recognition of income and expenditure accruals and through our testing of income and expenditure we note no significant issues around the recognition of such accruals. Management engaged with the valuer and used their understanding of errors identified in prior year audits to ensure errors identified as part of the audit were not repeated in the 2022/23 accounts.</p> <p>Across our Audit Completion Report in respect of the 31 March 2023 and our follow up letter to this report, we identified fewer than was identified in the prior year. The majority of these were related to issues identified in our 2021/22 audit and followed into the 2022/23 year, demonstrating management using their understanding of issues from prior year audits to correct the 2022/23 accounts. Two misstatements are unadjusted with a gross value of £7m, which would have a nil impact on the deficit on provision of services and a net impact on unusable reserves of £1m. We identified disclosure misstatements and management adjusted all of these. Whilst errors were identified in the accounts, management responded positively to making changes.</p> <p>We identified one new internal control recommendation for 2022/23 which also linked to the 2021/22 audit. Of the 12 internal control recommendations we followed up on from our Audit Completion Report for 2022/23, we consider four to have been addressed, whilst the other recommendations have plans in place to be implemented.</p> <p>We are satisfied that the arrangements in place with the valuer, finance and estates teams have resulted in a reduced error rate and have therefore resulted in materially correct valuations recorded in the financial statements. We can also see constructive responses and implementation of processes in response to recommendations raised in the current year and in prior years.</p> <p><b>We have obtained evidence there is no longer a significant weakness in the Council's governance arrangements with respect to weaknesses in financial reporting.</b></p> |

# VFM arrangements – Overall summary

| Risk of significant weakness in arrangements   | Work undertaken and the results of our work  |
|--|--|
| <p><b>2 OFSTED Inspection: Children’s Services</b><br/>OFSTED is the Office for Standards in Education, Children’s Services and Skills. It inspects and regulates services that care for children and young people.</p> <p>In February 2024 OFSTED issued a report following its inspection carried out between 4 and 15 December 2023 on the Council’s Services.</p> <p>The inspection report concluded that the overall effectiveness of the Council’s services is inadequate.</p> <p>These matters indicate a risk of significant weaknesses in proper arrangements in respect of governance and in respect of improving the economy, efficiency and effectiveness of services.</p> | <p><b>Work undertaken</b><br/>To address this risk we have:</p> <ul style="list-style-type: none"> <li>• Reviewed the OFSTED inspection report;</li> <li>• Held discussions with management to understand the arrangements which were in place within Children’s Services;</li> <li>• Reviewed the Council’s response to the OFSTED report and action plan; and</li> <li>• Reviewed the report of the Commissioner.</li> </ul> <p><b>Results of our work</b><br/>We reviewed the OFSTED inspection report published in February 2024 to gain an understanding of the findings. We discussed the findings with management to understand how this report reflected the arrangements in place during the year to 31 March 2023 and the arrangements put in place for the subsequent periods.</p> <p>The 2024 report followed a series of inspection activity from OFSTED. A full inspection was reported in 2019 and this concluded Children’s Services as requiring improvement. OFSTED also conducted two focused visits and one local area SEND inspection following the 2019 inspection. These did not lead to a change in the overall assessment and continued to identify areas for improvement.</p> <p>The Council has established the Children’s Improvement Board and the Children’s Services Scrutiny Panel, has refreshed the improvement plan, and has implemented a new performance management framework in response to findings from inspection results to improve the provision of Children’s Services. OFSTED referred to these changes as “swift and decisive action” by the new leadership team, but also mention not all of the shortfalls previously identified in recent reports, or by the Council’s own performance management framework, had been addressed. The evidence we have reviewed shows these issues were present during the 2022/23 year.</p> <p>The Children’s Services Commissioner’s report reinforced the weaknesses in the provision of Children’s Services at the Council, echoing the findings of the OFSTED inspection as well as reporting further on the theme of these findings. Further recommendations have been made to the Council which aim to improve the provision of services.</p> <p><b>In our view, the matters identified with respect to weaknesses in delivering Children’s Services represent significant weaknesses in the Council’s governance arrangements and the Council’s arrangements to improve economy, efficiency and effectiveness during the 2022/23 year.</b></p> |

# VFM arrangements

## Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



# VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

### Background to Tameside's operating environment in 2022/23

The Council entered the 2022/23 financial year with the effect of the Covid-19 pandemic easing, however there has been continued financial and operational challenges posed by the legacy of the pandemic, particularly on social care for adults and children. All Covid-related funding ceased at the end of 2021/22, therefore the Council has needed to address the pressures from its own resources. In addition, there have been other pressures in the year, including inflation impacting energy and general commodity prices, which has led to wage inflation. The Council's financial sustainability challenges from the legacy of the pandemic and economic issues will continue through the medium term, placing considerable pressure on the Council to maintain effective financial sustainability arrangements.

### 2022/23 Financial Performance

We have undertaken a high-level analysis of the audited financial statements, including the Movement in Reserves Statement and the Balance Sheet.

The Council's balance sheet position has increased significantly when comparing the net assets to the prior year (£255.4m in 2021/22; £589.4m in 2022/23). The most significant change in the balance sheet relates to movements in the Council's share of the Pension Fund's net assets. At 31 March 2022, this was reported as a net pension liability of £252.8m, but as at 31 March 2023 this is a net pension asset of £51.2m, reported as an increase in the net position by £304m. It is not unusual to see significant movements in the net pension position and this is consistent with our experience at other local authorities. The switch from a net pension liability to a net pension asset was also typical across the Greater Manchester area and wider sector for the 2022/23 financial year.

The significant reduction in the balance of cash and cash equivalents (£49.6m in 2021/22; £26.5m in 2022/23) is mostly offset by the significant reduction in the short term creditors position (£92.7m in 2021/22; £68.4m in 2022/23). Apart from some slight increases in the Council's property, plant and equipment, short term investments and debtors balances, other account balances have remained relatively stable.

The Council's usable reserves decreased from £190.7m at 31 March 2022 to £171.3m at 31 March 2023. This includes a decrease in Earmarked Reserves to £96.7m (down from £124.2m in the previous year) whilst the general fund decreased slightly (£27.4m in 2021/22; £26.1m in 2022/23). Of this overall downward movement,

£16.9m is due to a reduction in the collection fund reserve. This was the most significant movement, with two other notable downward movements being in the Medium Term Financial Strategy reserve (down by £4.2m to £5.9m), a reserve which supports delivery of the Medium Term Financial Strategy, and the Unspent Revenue Grant and Contribution reserve (down by £3.2m to £9.2m), which are unspent revenue grants used in the year.

The Council's reserves provide some mitigation against future financial challenges. However, the Council will need to ensure that any use of reserves to smooth the financial position over the next few years is properly planned. This is because reserves cannot be relied on to provide a long-term solution to funding gaps.

### Arrangements for the identification, management and monitoring of funding gaps and savings

The MTFP is the Council's five year plan which sets out the resources available to deliver the Council's overall commitment to provide services that meet the needs of people locally and represent good value for money. The MTFP also assesses the adequacy of reserves and of provisions held for past events which may impact on the Council's resources.

Budget setting and MTFP review is a six-to-nine-month process which starts in May / June each year and through to February, with the final full Council sign off at the February Council meeting.

The MTFP was routinely refreshed throughout the year to update forecasts for known and anticipated cost pressures, savings, and funding changes. Emerging pressures were also identified through the in-year budget monitoring process and factored into future year budget forecasts.

# VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria – continued

### Financial planning and monitoring arrangements

In February 2022 Full Council approved a budget that included £4.782m of new savings to be delivered during 2022/23, alongside delivery of old savings amounting to £1.696m and budget reductions amounting to £1.183m. The Medium Term Financial Plan ('MTFP') assumed that a further £2.8m of savings and other budget reductions will be delivered in 2023/24.

All directorates completed an implementation template as part of their original proposal and the reporting schedule was tailored to align with key implementation points of proposals. For those assessed to be a red or amber delivery risk this reporting provides assurance to members that delivery is on track. As part of this reporting, detailed plans are reviewed by the Senior Leadership Team against the implementation section of the original savings templates.

Proposed savings were subject to robust review and challenge by the finance team, Senior Officers and Members. The review process was used to continue to monitor both the delivery of savings through the year and the identification of new savings for future years. Throughout the 2022/23 year the Council regularly updated its budget forecast, which enabled budgets to remain up-to-date.

A detailed analysis of the Council's balances and reserves is carried out as part of the budget setting process and the report is provided to full Council each February under the Local Government Act 2003 to provide assurance that the level of reserves and balances are appropriate.

The final outturn position on the 2022/23 budget presented a small overspend on the Council Budget of £0.7m. £1.3m of the general fund was used in 2022/23, bringing the general fund down to £26.1m at year end.

The main areas of overspend for 2022/23 were in the Adults service area, showing a £2.7m overspend after a drawdown on reserves of £5.1m, and the Place service area, showing a £5.2m overspend following a £0.6m drawdown on reserves. Within the Adults service area, the majority of the reserve drawdown comes from the section 75 risk share agreement (£4.2m). The remaining overspend is attributed to the high demand for residential placements, both short and long term, given a rise in the number of elderly residents. Within the Place service area, the overspend is attributed to several factors, some of the more significant of those being inflationary pressures, delays in rolling out savings plans, and spend on temporary accommodation. Other service directorates reported an underspend which were able to offset the impact of these overspends.

Of the savings programmes set for the 2022/23 budget, 43% were delivered, with 57% not achieved. This is in majority due to Children's Services, which makes up 61% of the value of savings not achieved. The main scheme not delivered was the Children's saving programme for converting residential placements to Independent Fostering Agencies & reducing overall foster placements, for which £2.3m wasn't delivered.

The savings not delivered in full in 2022/23 have been considered as part of the approach to the 2023/24 budget processes. Whilst the Council could manage savings through reserves for the 2022/23 year, and the unachieved savings have been rolled forward into 2023/24, it must ensure there is focus on delivery of savings going forwards.

### Arrangements and approach to 2023/24 financial planning

In February 2023 full Council approved a balanced budget that includes £15.8m of budget reduction proposals to be delivered during 2023/24, which includes savings not delivered in 2022/23 alongside new areas to mitigate cost and demand pressures. The majority of reductions are attributed to the Corporate (£6.4m) and Children's (£4.2m) directorates, and the larger of the budget reduction proposals is in relation to £4.4m release of contingency to fund the pay award for 22/23, which is part of the Corporate directorate reduction proposals.

The Council have set a minimum level of general fund balances to maintain throughout the 2023/24 year, to set aside for the coming financial year. This is set at £27.5m, which is £1.4m higher than the general fund balance at the 2022/23 period end. Achieving the increase would return the general fund to close to the balance brought forward into the 2022/23 period of £27.4m.

Looking ahead to 24/25, there is a budget gap of £14m to be resourced. The current budget reduction plan shows only £0.2m of reductions planned, but it is noted in the budget reports that the budget gap for 2024/25 remains significant and further budget reductions are likely to be required.

The Council has arrangements in place for the robust monitoring of all revenue and capital budgets, as well as processes for devising and reviewing savings plans. These are reported to the Single Leadership Team, Board and Executive Cabinet. Arrangements were also in place for the regular monitoring of Service Delivery Plans by directorates in terms of performance indicators and updates.

**In our view, notwithstanding the challenging environment facing all Councils to deliver on financial plans and savings programmes, we are satisfied with the Council's arrangements for financial sustainability.**

# VFM arrangements

## Governance

How the body ensures that it makes informed decisions and properly manages its risks



# VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

### **How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud**

The Council's assurance arrangements conform with the governance requirements of the CIPFA Statement. The Head of Internal Audit Opinion for 2022/23, reported to the Audit Panel in August 2023, confirms members and senior management can take reasonable assurance that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively within those areas reviewed.

Throughout the year we attended all Audit Panel meetings. Through attendance at these meetings, we have confirmed that the Panel receive regular updates on both internal audit progress and risk management in the form of risk registers.

### **How the body approaches and carries out its annual budget setting process**

Budget setting and the Medium Term Financial Plan review is a six-to-nine-month process which starts in May / June each year and concludes during February or March, with the final full Council sign off at the February / March Council meeting. The Director of Resources and the Assistant Director of Finance have worked with the Executive Members and the Senior Leadership Team during the budget preparation period to ensure that a robust set of savings plans are in place and a clear delivery plan has been drawn up for the year ahead.

A detailed analysis of the Council's balances and reserves is carried out as part of the budget setting process. A report provided to full Council each February under the Local Government Act 2003 provides assurance that the level of reserves and balances are appropriate.

### **How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting requirements; and ensures corrective action is taken where needed**

Monthly budget monitoring is led by Finance Business Partners in partnership with Directorates. Financial reports are produced monthly, and regular meetings are held to discuss progress against the financial forecasts. Significant variances against budget are investigated.

During the year the Council reported its financial position to the Executive Cabinet monthly. We have reviewed a sample of the reports presented for 2022/23. These contain appropriate detail of the significant variances to

budget and provide an update on the delivery against savings targets.

Further commentary is provided against key areas identified which are linked to addressing this consideration as follows.

### **Audit of the 2022/23 Statement of Accounts**

Draft accounts were received from the Council in July 2023, but due to the delay in commencing our audit, a revised set of draft accounts were made available to us in March 2024 incorporating adjustments identified by management as a result of issues identified in neighbouring local authority audits. Our initial review of the revised Statement of Accounts identified some technical and disclosure changes were needed to ensure compliance with the 2022/23 Code of Practice.

The challenges encountered on the audit for 2022/23 were less than in previous years. Management were able to adjust for potential issues with the accounts before we commenced our audit procedures, which included implementing changes identified in previous years' audits.

We highlighted as part of our 2020/21 work the significant issues experienced with our audit work over property valuations, similarly experienced in our 2021/22 audit work. Within 2022/23, we found that management engaged positively with the valuer and through the provision of accurate source information to the valuer, along with appropriate challenge of the valuations produced, resulted in materially accurate valuations. Whilst we identified a small number of errors, we were able to conclude the valuations were free from material misstatement. We also noted improvements in the accounts where we identified issues with quality in the prior years, as a result of management implementing processes to respond to errors in the accounts identified from past audits.

As part of our work, we reported a number of errors where amendments were made to the first draft accounts to arrive at the figures and disclosures included in the final audited accounts. The majority of these amendments related to issues identified in prior year audits and management amended for these errors in advance of us commencing our audit work. Two unadjusted misstatements were noted, with value of £7m, and have been reported to the Audit Committee as unadjusted. This is an improvement on prior years. A number of disclosure adjustments were also required to ensure the accounts were internally consistent and properly compliant with the accounting framework, but less of that required in previous years, and where reported in the current year, these were amendments made from management's learning from issues raised in our prior year audits.

# VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria – continued

**How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting requirements; and ensures corrective action is taken where needed – continued**

### **Audit of the 2022/23 Statement of Accounts – continued**

With respect to internal control conclusions, we are following up on the majority of the recommendations made as part of the 2021/22 audit. Despite some changes being made which had a direct impact on the 2022/23 accounts, most changes are either still being implemented, or have been implemented and will take effect as part of the 2023/24 accounts process. Management have an action plan in place to deliver on our internal control recommendations in future years.

**The significant issues identified in our 2021/22 external audit are considered by the audit team to either have been addressed, or are being addressed currently. The action taken by management is positive and reflects improvements in arrangements. Therefore we consider there to no longer be a risk of significant weakness in the Council’s governance arrangements in respect of financial reporting and internal control.**

### **Review of external regulator reports**

We have reviewed the regulatory reports issued in respect of the Council.

### **Care Quality Commission (‘CQC’)**

There are two services registered with the CQC. These are Tameside Learning Disability Service and Wilshaw House. Both services received “good” ratings across each of the five CQC inspection areas of: Safe; Effective; Caring; Responsive; and Well-led. Tameside Learning Disability Service was inspected by the CQC in January 2024. The last full inspection of Wilshaw House was in June 2018. The CQC carried out a review of the service in July 2023 and concluded the rating did not require review at that time. The current ratings across all five areas of both services are “good”.

### **Information Commissioners Office (‘ICO’)**

We have reviewed the ICO’s website and decision notices in respect of Tameside Metropolitan Borough Council. From our review, we did not identify any issues indicating a weakness in arrangements.

However, following a data breach identified at the Council, the ICO agreed with the Council to carry out a consensual audit. The audit began in July 2024 leading to the report published at the end of September 2024. The focus of the audit covered five areas; governance and accountability; the role of the Data Protection Officer; personal data breach management and reporting; requests for access and data portability; and freedom of information (‘FOI’). In summary, across all of these areas a limited assurance rating was provided and identified considerable scope for improvement in existing arrangements. Across the five areas, 33 urgent, 49 high, 20 medium and 4 low priority recommendations.

As also described in the report alongside the recommendations, the Council are focused on improving these areas for improvement. The Council are building an action plan addressing each of the ICO’s recommendations, which includes a priority ranking for each recommendation, agreed actions and planned implementation date deadlines, along with setting an owner responsible for carrying out actions agreed upon.

From our work and discussions with management, our review has not identified any issues which indicate there is a significant weakness in the Council’s arrangements.

### **Office for Standards in Education, Children’s Services and Skills (‘OFSTED’)**

OFSTED is the Office for Standards in Education, Children’s Services and Skills. It inspects and regulates services that care for children and young people. The most recent inspection of Children’s Services by OFSTED was carried out between 4 and 15 December 2023 and issued on 13 February 2024. The overall effectiveness of the service was assessed as “Inadequate”. Of the four inspection areas, “the impact of leaders on social work practice with children and families”, “the experiences and progress of children who need help and protection” and “the experiences and progress of children in care” are rated “inadequate”, with “the experiences and progress of care leavers” remaining at the rating of “requires improvement to be good” from the previous full inspection.

# VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria – continued

**How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting requirements; and ensures corrective action is taken where needed – continued**

### **Office for Standards in Education, Children’s Services and Skills (‘OFSTED’) – continued**

Following the 2024 OFSTED report, we held discussions with management to understand the issues underpinning the report and the challenges faced by Children’s Services at Tameside. This is because the 2024 report effectively reflected a deterioration in the Council’s services since the last full inspection, undertaken in 2019, when the service was assessed as “Requiring Improvement”. We sought to understand the extent to which the issues identified in 2024 were reflective of the service during the 2022/23 financial year. OFSTED identified that not all shortfalls from previous recommendations made had been addressed and such issues included:

- Quality and timeliness of interventions with children and families and other actions;
- Sharpen the extent of understanding and oversight of the service by members and corporate leadership; and
- Regularity and effectiveness of management oversight and challenge.

The Council have taken a number of positive steps to implement changes to address the recommendations within the OFSTED inspection report, including:

- Close review and oversight reported regularly to lead Members, the Tameside Safeguarding Children’s Partnership and the Children’s Improvement Board;
- Moving the multi-agency safeguarding hub (“MASH”) to new premises for co-location of related service-delivery teams;
- Establishing the Children’s Services Scrutiny Panel with the responsibility to consider all matters related to Children’s Social Care and Education;
- A restructured and regularly refreshed Improvement plan.

OFSTED recognise the action taken by the new Director for Children’s Services and her team to improve the service provided. However, they concluded it was too soon to say whether the “swift and decisive action” taken by the Council since August 2023 are sufficient to lead to sustained improvements to the service and ultimately improve the quality of care provided to children in Tameside.

We have reviewed a sample of Children’s Services Scrutiny Panel meeting minutes and reports following the issuing of the 2024 OFSTED report. These demonstrate a positive outlook from management on the future of the directorate in responding to OFSTED’s findings. Management intend to continuously engage with OFSTED to demonstrate the service improvements are being delivered.

Following the latest OFSTED inspection report, in March 2024 the Secretary of State appointed a Commissioner for Children’s Services to the Council through a statutory direction. The terms of reference set out the steps which the Children’s Services Commissioner would take, which included issuing instructions for the immediate improvement in the Council’s delivery of children’s social care; bringing together evidence to assess the Council’s capacity and capability to improve itself and recommending whether the Council can deliver the long-term sustainable improvement; and advising on relevant alternative delivery and governance arrangements for children’s social care outside of the operational control of the Council.

The Commissioner’s report on the Council’s Children’s Services dated July 2024 has been reviewed. The Commissioner references a set of issues which are common to appear in other Commissioner’s reviews of local authorities, of which all are deemed to be present at Tameside. Sixteen recommendations were set and are describe in the report. Some of which include:

- Retaining a commissioner to work with the Council for the next three years (up to it’s next full inspection);
- Commissioning a strategic partner to work with the Council for the next three years, being either a strong local authority or a Children’s Trust experienced in supporting other organisations; and
- Embed the recent positive changes made by the DCS into the improvement journey going forward, which includes the Performance and Assurance Cycle recently implemented.

# VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria – continued

**How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting requirements; and ensures corrective action is taken where needed – continued**

**Office for Standards in Education, Children’s Services and Skills (‘OFSTED’) – continued**

There are other recommendations made which echo key themes from previous inspections and recommendations made by OFSTED. Early in October, a Council meeting received responses to the Commissioner’s recommendations. Each of the sixteen recommendations have responses against them and actions are being implemented to address the recommendations made. The Council have confirmed the appointment of a commissioner to support in the Council retaining control of Children’s Services. The Council acknowledge their Children’s Services aren’t where they want them to be, and are committed to addressing the recommendations of the Children’s Services Commissioners report with haste.

**The OFSTED inspection report covers a period of time which includes the 2022/23 period. When considering the arrangements in place in this period, there is a continuation of a significant weakness in the Council’s arrangements for Children’s Services in relation to governance and improving economy, efficiency and effectiveness. Therefore we continue to report this significant weakness in respect of the 2022/23 year.**

**How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency**

Tameside has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Council’s Code of Corporate Governance, the Governance Framework, the Constitution and scheme of delegation. Members and Officers are governed by Codes of Conduct, Cabinet Portfolios, contracts of employment, employment rules and procedures, Professional Codes of Conduct and bound by the Constitution and Code of Corporate Governance. Conflicts of interest are recorded in the minutes of all meetings, where applicable, and a register is maintained for both members and officers by the Monitoring Officer.

The Council produce a review of the governance arrangements in place against the Code of Corporate Governance. This review looks at the principles within the Corporate Governance Code, reviewing existing arrangements and updating where appropriate. On review of this document, there is evidence the Council have arrangements in place for good governance in line with the Corporate Governance framework.

**How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour**

The Council’s Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is the document that describes the decision-making process and establishes the legal framework in which the Council operates.

The Council has in place all relevant policies we would expect including policies on:

- Gifts and hospitality;
- Declarations of interest; and
- Whistle blowing.

# VFM arrangements

## Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

### How the body evaluates the services it provides to assess performance and identify areas for improvement

#### Corporate Plan

Tameside's Corporate Plan 'Our People - Our Place - Our Plan' outlines the Council's aims and aspirations for the area. The corporate plan reflects five themes:

- Starting Well;
- Living Well;
- Ageing Well;
- Great Place; and
- Inclusive Growth.

The corporate plan is based on a relationship between public services and citizens, communities and businesses that enables shared decision making, democratic accountability and voice, genuine co-production and joint delivery of services.

A Corporate Scorecard which sets out a range of data (financial and non-financial) is reported to the senior leadership team and Council Board. Data monitored and used to drive corrective action includes: staff headcount, sickness rates (by Directorate), Freedom of Information requests, Subject Access Requests, key cost and demand drivers including temporary accommodation, numbers of care users and so on.

### How financial and performance information has been used to assess performance to identify areas for improvement

#### Corporate Plan Outcomes Scorecard

The Corporate Plan Outcomes Scorecard provides evidence for demonstrating progress being made towards achievement of the Corporate Plan, supported by the thematic scorecards which enable services to monitor their own performance and consider their contribution towards achievement of the Corporate Plan. The

Scorecard follows the structure of the Corporate Plan and contains indicators focused on the long term outcomes across the plan's priorities. It is a mechanism to be able to provide updates to members with data on which to measure the Council's performance. Financial information is included within these updates and updates are provided quarterly at the Executive Cabinet meeting.

For the 2022/23 year, we can see updates were provided in June, August and November 2022, and in February 2023. In these updates, we can see evidence that key issues are discussed, such as those long term issues linked to Education placements, assessments carried out by Children's Services, and entrants into the Youth Justice System, as well as medium and shorter term priorities such as the percentage of residents receiving their Covid-19 vaccinations. Progress is reported on each priority and desired outcome, with the metric clearly stated, and the current position stated clearly against the previous position reported and the national average. Targets are set for the medium and long term.

#### Partnerships and commissioning

The Council is open to considering all options to deliver services. This means it commissions from other organisations where it is appropriate, and where it can achieve the same or better outcomes at reduced cost. The Council actively seeks to commission jointly with other public service agencies where possible.

Tameside use STAR procurement for procuring services. STAR partners include Rochdale, Stockport, Tameside and Trafford Councils who govern STAR through a Joint Committee, as well as NHS Tameside & Glossop, and NHS Trafford Clinical Commissioning Groups ('CCGs') at the beginning of the 2022/23 period, and the newly established Integrated Care Boards ('ICBs') taking over the responsibilities of CCGs for the remainder of the financial period.

STAR and the organisations it provides services to have agreed a Responsible Procurement Strategy to reflect how they work and to place responsible, sustainable and ethical procurement at the heart of their service. The Strategy recognises the national, regional and local influences which shape procurement world and sets out how STAR will achieve their business objectives through procurement activity. The STAR Partners are fully committed to supporting Greater Manchester to achieve net carbon zero by 2038.

# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria – continued

**How financial and performance information has been used to assess performance to identify areas for improvement – continued**

### **Performance of Children’s Services at the Council**

We have commented on the Council’s Children’s Services elsewhere in this report. Reports of poor performance have been noted from external regulators, including OFSTED in their 2024 inspection report and the Children’s Services Commissioner’s report to the Secretary of State for Education. From review of the report, it is apparent there is a weakness in arrangements for performance management of Children’s Services at the Council. The OFSTED inspection covers the reporting period under review from our work on the Council’s arrangements.

A new performance management framework has been implemented in the directorate support better services. However this was implemented after the 2022/23 financial period. As it stands, it is too early to assess whether these changes are leading to a sustainable impact on the quality of services provided. Both OFSTED and the Children’s Services Commissioner acknowledge and praise the positive changes made at the Council. OFSTED recognise the swift action taken to the recommendations they have raised and the Children’s Services Commissioner recognises these actions in advance of issuing recommendations within his report. The actions suggested by the more recent report from the Children’s Services Commissioner indicate a substantial amount of change must be made to the Council’s provision of Children’s Service to deliver long term sustainable improvements.

**Based on the above considerations we consider there to be a significant weakness in the Council’s arrangements for improving economy, efficiency and effectiveness with respect to Children’s Services in respect of the 2022/23 period.**

# VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in the prior year

As part of our 2021/22 audit work, we identified the following significant weaknesses, and made recommendations for improvement in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council’s progress against the recommendations made, including whether the significant weakness is still relevant in the 2022/23 year.

| Previously identified significant weakness in arrangements   | Reporting criteria                         | Recommendation for improvement  | Our views on the actions taken to date   | Overall conclusions   |
|--|--|---|--|---|
| <p><b>1 OFSTED Inspection: Children’s Services</b><br/>           OFSTED is the Office for Standards in Education, Children’s Services and Skills. It inspects and regulates services that care for children and young people. The most recent full inspection of Children’s Services by OFSTED was carried in December 2023 and assessed the Council’s service as “Inadequate”. The Council was already aware of the issues in the service as a result of previous inspections, monitoring visits and ongoing discussions with OFSTED. However, actions taken in response had not led to a sustainable improvement in the Council’s services for children. The issues identified by the December 2023 inspection were reflective of practice during the 2021/22 year.</p> <p>To address the issues identified previously, action had been taken to implement changes in leadership within the Children’s Services team, establish a scrutiny panel to consider matters relating to Children’s Services and Education, and to create a new performance management framework. The changes were acknowledged by OFSTED as “swift and decisive action” taken to improve management oversight and improve service quality.</p> <p>Despite the actions taken by the Council, the OFSTED report highlighted the quality of the social work practice as having deteriorated for those in need of help, referencing senior leaders as not having a clear line of sight on practice. The report also states that failures in the service “leave children being harmed or at risk of harm”. In our view this is indicative of a significant weakness in the Council’s arrangements in relation to the governance (how the body monitors and ensures appropriate standards), and improving economy, efficiency and effectiveness (how the body evaluates the services it provides to assess performance and identify areas for improvement) reporting criteria.</p> | <p>Governance</p> <p>Improving the 3Es</p> | <p>We recommend the Council puts in place arrangements to ensure the actions taken in response to OFSTED’s findings are being delivered on time and have a sustainable impact on the quality of service provided to, and the safety of, children in Tameside.</p> | <p>We documented the actions taken by management to improve the provision of Children’s Services, including a change in senior leadership, setting up a Scrutiny Board and an Improvement Board, and implementing a new performance management framework.</p> <p>In their 2024 inspection report, OFSTED recognised it is too early to see the impact of these changes in their latest inspection report. They describe the actions taken as “swift and decisive”. We note the steps taken by management to improve the service and await to see if these changes have the desired effect on the provision of services by the Council.</p> <p>The Children’s Service Commissioner’s report highlighted that Tameside’s Children’s Services have remained too weak for too long. The Children’s Services Commissioner also recognised the positive actions taken by management to improve the provision on Children’s Services.</p> | <p>Describe your views as to whether the significant weakness remains relevant to the current year of audit and if so, how this has been reported in the audit report.</p> <p>Actions taken by management receiving recognition from both OFSTED and the Children’s Service Commissioner in their reports appear to be positive. These have however been taken after the 2022/23 audit period under our consideration. It is also too early to tell whether the actions taken have delivered the required improvements and positive change needed to Children’s Services.</p> <p>We consider the significant weakness in arrangements is still relevant in relation to governance arrangements and arrangements to improve economy, efficiency and effectiveness.</p> |

## Other reporting responsibilities and our fees

# Other reporting responsibilities and our fees

## Other reporting responsibilities

### Matters we report by exception

The Local Audit and Accountability Act 2014 ('the 2014 Act') provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

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

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

### Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the Whole of Government Accounts ('WGA') Assurance Statement in respect of its consolidation data, and where required to carry out certain tests on the data.

Following completion of the group audit for WGA, the group audit team have confirmed to auditors that they will not require us to provide any further information, assurances or additional procedures for the WGA 2022-23. As a result, there is no further work required by us for the WGA submission for 2022-23.

# Other reporting responsibilities and our fees

## Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Panel in June 2024. Having completed our work for the 2022/23 financial year, we can confirm that our fees are as follows:

| Area of work  | 2022/23 fees | 2021/22 fees |
|---|--------------|--------------|
| Scale fee in respect of our work under the Code of Audit Practice   | £96,409      | £80,863      |
| Fee variations:   |              |              |
| Additional testing on Property, plant and equipment in respect of changes in regulatory expectations *  | -            | £18,750      |
| Additional testing on Property, plant and equipment in respect of errors in the draft financial statements  | -            | £17,500      |
| Additional testing on Property, plant and equipment due to the Council applying the statutory override in respect of infrastructure assets  | -            | £2,200       |
| Additional testing on Defined Benefit Pensions Schemes in respect of changes in regulatory expectations *   | -            | £6,250       |
| Additional testing on Defined Benefit Pensions Schemes due to revised IAS 19 disclosures  | -            | £5,000       |
| Additional testing on Defined Benefit Pensions Schemes due to consideration of asset ceiling and application of IFRIC 14  | £7,500       | -            |
| Engaging an auditor's expert for the valuation of Manchester Airport Land and Investment  | £2,000       | £2,000       |
| Additional testing arising from quality issues with the draft Statement of Accounts   | -            | £26,000      |
| Additional testing arising from sampling errors requiring further audit testing   | -            | £19,500      |
| Additional testing in respect of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA 570 (Revised): Going concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements | £2,500       | £2,500       |

\* Nil fee variation for changes in regulatory expectations on property, plant and equipment and defined benefit pension schemes in 2022-23 as the recurrent fee variation of £15,546 included in the scale fee covers these charges.

## Other reporting responsibilities and our fees

### Fees for work as the Council's auditor – continued

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Panel in June 2024. Having completed our work for the 2022/23 financial year, we can confirm that our fees are as follows:

| Area of work   | 2022/23 fees    | 2021/22 fees    |
|--|-----------------|-----------------|
| Fee variations – continued:  |                 |                 |
| Additional Value for Money work arising from the change in the Code of Audit Practice  | £12,500         | £12,500         |
| Additional Value for Money work arising from risks of significant weaknesses in the Council's arrangements   | £10,000         | £14,000         |
| Additional testing in respect of the implementation of new auditing standards: ISA 315 (revised): Identifying and Assessing the Risks of Material Misstatement | £10,000         | -               |
| <b>Total fees **</b>   | <b>£140,909</b> | <b>£207,063</b> |

*\*\* Final fees for 2021/22 have been approved by PSAA. The 2022/23 are subject to approval by PSAA.*

### Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.

## Other reporting responsibilities and our fees

### Fees for work as the Pension Fund's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Panel in November 2023. Having completed our work for the 2022/23 financial year, we can confirm that our fees are as follows:

| Area of work   | 2022/23 fees    | 2021/22 fees    |
|--|-----------------|-----------------|
| Planned fee in respect of our work under the Code of Audit Practice  | £45,639         | £43,383         |
| Fee variations:  |                 |                 |
| Recurrent scope changes: additional testing on Investment Assets as a result of changes in regulatory expectations | £12,500         | £12,500         |
| In year additional work: engaging an auditor's valuation expert in respect of Investment Property valuations       | £12,500         | £9,000          |
| In year additional work: implementation of auditing standard ISA 315 revised resulting in additional work          | £6,000          | -               |
| In year additional work: IAS 19 assurances provided to other main scheme employer auditors                         | £35,000         | £36,000         |
| <b>Total fees</b>  | <b>£111,639</b> | <b>£100,883</b> |

### Fees for other work

We confirm that we have not undertaken any non-audit services for the Pension Fund in the year.

# Appendix

A: Further information on our audit of the financial statements of the Council

B: Further information on our audit of the financial statements of the Pension Fund

# Appendix A: Further information on our audit of the financial statements of the Council

## Significant risks and audit findings

As part of our audit, we identified significant and enhanced risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

| Risk  | Our audit response and findings   |
|---|---|
| <p><b>Management override of controls</b></p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p> | <p><b>How we addressed this risk</b></p> <p>We address the management override of controls risk through performing audit work over accounting estimates; journal entries; and significant transactions outside the normal course of business or otherwise unusual.</p> <p><b>Audit conclusion</b></p> <p>Our work on journals entries testing is completed. On our review of accounting estimates, we were satisfied on the reasonableness of these estimates. We did not identify any significant transactions outside the normal course of business of the Council or otherwise unusual. There are no matters to report from our work.</p>  |
| <p><b>Valuation of property, plant and equipment and investment properties revalued in year</b></p> <p>The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment and investment properties, which are required to be carried at current value or fair value as appropriate. Due to the high degree of estimation uncertainty associated with these valuations, we have determined there is a significant risk in the valuations of these property assets.</p>   | <p><b>How we addressed this risk</b></p> <p>We evaluated the design and implementation of any controls which mitigate the risk. In addition our procedures included assessing the skill, competence and experience of the Council's external valuer; reviewing the instructions issued to the external valuer by management to ensure they comply with the Code requirements; considering whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; testing the valuations of a sample of properties; and testing a sample of items of capital expenditure to confirm that the additions are appropriately valued in the financial statements.</p> <p><b>Audit conclusion</b></p> <p>We reported our work on this risk was ongoing within our Audit Completion Report, Following completion of our work, we identified two errors.</p> <p>In our work on the valuation of property, plant and equipment, we selected a number of property valuations to test. For one of the property valuations we identified an error amounting to £242k which management adjusted.</p> <p>In our work on the valuation of investment properties, we selected a sample of property valuations to test. For one of our sample, we identified an error amounting to £1m. As this was part of our sample, we extrapolated the error across the untested population and estimated the total error to be £5m. Management adjusted for the known £1m error, but the risk of an error on the untested population remained, therefore we report an unadjusted extrapolated error of £4m. No further work was required and there are no other matters to report.</p> |

# Appendix A: Further information on our audit of the financial statements of the Council

## Significant risks and audit findings – continued

| Risk  | Our audit response and findings  |
|---|--|
| <p><b>Valuation of the net defined benefit liability / asset</b></p> <p>Previously the Council's accounts contained material liabilities relating to the local government pension scheme administered by the Greater Manchester Pension Fund ('GMPF'). In the 2022/23 year, the gross assets and liabilities remain material, however the net position is reported as a nil balance following the amendment for the asset ceiling.</p> <p>The Council and its subsidiaries rely upon an Actuary, Hymans Robertson, to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p> | <p><b>How we addressed this risk</b></p> <p>We evaluated the design and implementation of any controls which mitigate the risk. In addition our procedures included corresponding with the GMPF auditor to gain assurance on their audit of the Pension Fund; assessing the skill, competence and experience of the Pension Fund's Actuary, including a review of the Actuary by our auditor external expert; challenging the reasonableness of the assumptions used by the Actuary as part of the annual IAS 19 valuation; reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Actuary, and the key assumptions included within the valuation (including comparing them to expected ranges, utilising information provided by our auditor external expert); reviewing the appropriateness of the calculation of the asset ceiling under the relevant financial reporting standards, including a review of the key assumptions used in the calculation; and carrying out a range of substantive procedures on relevant information and cash flows used by the Actuary as part of the annual IAS 19 valuation.</p> <p><b>Audit conclusion</b></p> <p>An issue arose prior to commencing our audit relating to the asset ceiling calculation. The employer life assumption used in the calculation was identified as an error and a revised calculation was obtained using a more accurate assumption. This had a material impact on the financial statements and was addressed prior to commencement of the audit. See section 6 for the adjustment made.</p> <p>We received the requested assurances from the auditor of the Greater Manchester Pension Fund on 24 October 2023. They reported an unadjusted misstatement relating to the valuation of GMPF's assets. We estimate the Council's share of this misstatement to be approximately £2.9m on the net pension asset. We have included this as an unadjusted misstatement within section 6 of this report.</p> <p>Following issuing our audit completion report, we challenged management on the offset of unfunded teachers pension liabilities with the net LGPS pension asset. With no evidence for the right of offset being provided, management adjusted the disclosure of pension assets and liabilities on the balance sheet by splitting out the total unfunded teachers pension liability of £16m. This has nil effect on reserves, purely a grossing up of assets and liabilities on the balance sheet.</p> <p>Following the adjustment made for the asset ceiling and the unfunded liabilities, along with the unadjusted misstatement mentioned above, there are no other matters to report.</p> |

# Appendix A: Further information on our audit of the financial statements of the Council

## Significant risks and audit findings – continued

| Risk   | Our audit response and findings   |
|--|---|
| <p><b>Valuation of shareholding in Manchester Airport</b></p> <p>The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited as at 31 March 2023.</p> <p>The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.</p> | <p><b>How we addressed this risk</b></p> <p>We addressed this risk by assessing the scope of work / terms of engagement, qualifications, objectivity and independence of the expert engagement to carry out the valuation assessment of the airport shares; and utilising the services of our internal valuation expert to review the work completed by management’s expert and evaluate the appropriateness of the assumptions applied to arrive at the figure in the financial statements.</p> <p><b>Audit conclusion</b></p> <p>Our work on the valuation of the shareholding in Manchester Airport is complete. There are no matters to report.</p> |

# Appendix A: Further information on our audit of the financial statements of the Council

## Summary of uncorrected misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and therefore did not adjust the financial statements in respect of them. These misstatements exceed our reporting threshold.

| Details of adjustment  | Comprehensive Income and Expenditure Statement |            | Balance Sheet |               |
|--|--|------------|---------------|---------------|
|  | Dr (£'000)                                     | Cr (£'000) | Dr (£'000)    | Cr (£'000)    |
| Dr Net pension asset   |  |            | 2,935         |               |
| Cr Unusable reserves   |  |            |               | -2,935        |
| The audit of Greater Manchester Pension Fund identified an unadjusted misstatement on the valuation of Level 3 Pooled Investment Vehicles totalling £70m. This arose due to the timing difference of information available at the time of the Pension Fund preparing their accounts, and the more up-to-date information made available at the time of the Pension Fund audit. We estimate the Council's proportion of the £70m unadjusted misstatement to be £2.9m.   |  |            |               |               |
| Dr Unusable reserves   |  |            | 3,956         |               |
| Cr Investment properties   |  |            |               | -3,956        |
| Our testing of investment property valuations led to identification of a £1m error in the value of an investment property. As the error was identified from our sampling procedures, we are required to extrapolate the error found across the remaining untested population. Management adjusted for the £1m error but no further work has been carried out to show this error is isolated, therefore we report only the estimate of the error in the untested population from our extrapolation procedure. |  |            |               |               |
| <b>Effect of unadjusted misstatements</b>  | <b>-</b>                                       | <b>-</b>   | <b>6,891</b>  | <b>-6,891</b> |

# Appendix A: Further information on our audit of the financial statements of the Council

## Internal control observations

In our view, there is a need to address the deficiency in internal control set out here (which is not deemed to be a significant deficiency) to strengthen internal control or enhance business efficiency. Our recommendation should be actioned by management in the near future.

### Description of deficiency

In our work on leases, we identified errors in our testing where the incorrect figure for annual rent was used and the calculation of future minimum lease payments was incorrect. We noted similar issues in our work on leases testing in the prior year.

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### Potential effects

There is a risk the lease schedule contains inaccurate information leading to misstatements within the lease disclosure.

There is a risk the lease schedule rolled forward to produce the lease disclosure in future years' accounts leads to misstatements in the accounts.

There is a further risk whereby the information used to account for transactions, account balances and disclosures in compliance with the new leases standard is inaccurate, resulting in further misstatements, potentially material.

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### Recommendation

Management should review the leases schedule to ensure the details of each lease is reflective of the arrangements entered into by the Council, and ensure the information is analysed accurately to produce a materially accurate leases disclosure for future years.

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### Management response

The recommendation is accepted and work on the leases register was undertaken into 2023/24 closing. Further work will be undertaken through 2024/25 in preparation for reporting under IFRS16 for the first time.

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### Audit conclusion

We understand the deficiency is not yet addressed and management have plans to address the deficiency. We will follow up with management in due course.

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# Appendix A: Further information on our audit of the financial statements of the Council

## Follow up on previous years' recommendations

We set out below an update on internal control points raised in prior years.

### Description of deficiency

Our detailed audit testing of income, expenditure, debtors and creditors identified a high number of errors in the financial statements because income and expenditure were not accounted for in the correct financial year.

### Potential effects

There is a risk the Council's financial statements are materially misstated.

### Recommendation

The Council should improve year end close down processes to ensure that year end adjustments such as accruals are correctly posted so that income and expenditure are accounted for in the correct financial year.

### Position as at September 2024

Management accepted the recommendation and implemented new processes as part of the 2023/24 closure of accounts. With the new Senior Leadership team in place within Finance, significant changes were made to the approach was to the year end process for 2023/24 to improve the quality of working papers and reduce error rates. This included the application of deminimus limits in addition to the change in process staff undertook as part of an in-house refresher course on year end adjustments. New processes were introduced so that all year end accruals had to be checked by senior finance staff before being entered onto the system and all accruals were to have the backing evidence to confirm they were an actual year end accrual.

### Audit conclusion

We accept the response from management and are satisfied this deficiency is appropriately addressed.

# Appendix A: Further information on our audit of the financial statements of the Council

## Follow up on previous years' recommendations – continued

**Description of deficiency**

Our audit procedures on the General Ledger system, Agresso, identified that the Council has no formalised policy / procedure supporting the change management process.

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**Potential effects**

Unauthorised changes could be made, compromising the confidentiality, integrity and availability of information. Information relating to software development, authorisations for deployment, and test plans and results may not be documented sufficiently.

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**Recommendation**

We recommend the Council formally document the change management process. The procedure/policy should clearly describe how change requests are registered, classified, analysed, solved and monitored. The document should be formally approved by the relevant senior officers, acknowledged by all relevant staff and periodically reviewed.

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**Current position**

The first iteration of the change management process within IT is in place, using an MS form that needs to be completed for all change requests. IT are in the process of scoping the migration of this form into the Freshdesk platform. At present, any infrastructure / server upgrades relating to Agresso go through this process, however, this will change with the hosted site as part of the cloud migration and change management processes will be within the systems team processes.

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**Audit conclusion**

We understand the deficiency is not yet addressed and management have plans to address the deficiency. We will follow up with management in due course.

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# Appendix A: Further information on our audit of the financial statements of the Council

## Follow up on previous years' recommendations – continued

**Description of deficiency**

The last valuation of the Council's heritage assets took place in 2015. A valuation was scheduled in 2020 but was delayed because of the Covid pandemic. As at January 2024 year end, the formal valuation has not been carried out.

**Potential effects**

The value recorded for heritage assets could be misstated given the last revaluation was 7 years ago. The insurance value for the assets may be wrong, meaning the Council may not have adequate cover.

**Recommendation**

Management should commission a valuation of heritage assets.

**Position as at September 2024**

A specialist valuer was appointed and the heritage assets were revalued for the 2023/24 accounts.

**Audit conclusion**

We accept the response from management and are satisfied this deficiency is appropriately addressed.

**Description of deficiency**

Our review of the Council's lease register identified some tenants within Council properties were "holding over" previous rent agreements and as such, did not have an up to date rent agreement in place with the Council.

**Potential effects**

There is a risk the Council is not receiving the market rent for properties where there is not a current lease agreement in place because rent reviews are not being undertaken. The Council is also open to other risks where the tenant does not have a current lease agreement in place.

**Recommendation**

The Council should ensure that lease agreements are reviewed and updated as they expire to ensure all properties leased out are subject to a contract.

**Position as at September 2024**

The Council has appointed external support to review and put in place new lease agreements. This aims to be completed within the current financial year.

**Current position**

The Estates Department is satisfied that they hold an accurate record of all outstanding rent reviews and lease expiries across the Estate. Dealing with these events internally has proven to be a challenge due to a lack of professional human resources. Some of these events have already been outsourced to professional property consultants. The Department is in the process of outsourcing the remaining lease events to clear this outstanding casework.

**Audit conclusion**

We understand the deficiency is not yet addressed and management have plans to address the deficiency. We will follow up with management in due course.

# Appendix A: Further information on our audit of the financial statements of the Council

## Follow up on previous years' recommendations – continued

**Description of deficiency**

Our testing of payroll transactions identified one employee who continued to receive pay for a three month period after they left the Council. This resulted in an overpayment of £7,717.33 which the Council is currently recovering from the former employee at a rate of £20 per month.

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**Potential effects**

Without effective controls in place to ensure all leavers are removed from the payroll system promptly, there is a risk of overpayments being made.

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**Recommendation**

Ensure the leaver process is strictly followed, by removing employees from the payroll on a timely basis.

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**Current position**

A project has begun to create an individual post level budgeted establishment, which, used as part of the recently implemented move to self-service and business partnering approach to budget monitoring, means that managers will have greater oversight and control of their staffing. Additional communications on the requirement of managers to update Payroll with information on leavers has been issued through the intranet. A separate review of the process to update various departments regarding leavers with a single form is being scoped to improve the efficiency of the process.

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**Audit conclusion**

We understand the deficiency is not yet addressed and management have plans to address the deficiency. We will follow up with management in due course.

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# Appendix A: Further information on our audit of the financial statements of the Council

## Follow up on previous years' recommendations – continued

**Description of deficiency**

Our payroll testing identified one case where employers national insurance was incorrectly calculated. This arose due to a coding error.

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**Potential effects**

Incorrectly coding items of employee benefits expenditure in the payroll system can result in issues with compliance to paying over taxes and related costs to HMRC.

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**Recommendation**

Ensure where additional pay, benefits and deductions are added within the payroll system, these are correctly set up to allow for pay and benefit costs to be calculated correctly.

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**Current position**

Work is required to fix an element within the payroll system where the coding error occurred. The Council has also taken the opportunity to review wider processes for Payroll at Tameside and findings alongside any proposed changes will be reviewed by the Council's Senior Leadership Team.

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**Audit conclusion**

We understand the deficiency is not yet addressed and management have plans to address the deficiency. We will follow up with management in due course.

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**Description of deficiency**

Our payroll audit testing identified a number of employees where the Council does not hold evidence of a signed contract being returned.

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**Potential effects**

There is a risk that where a contract of employment is not in place between the Council and individual employees, that the terms of employment may not be fully agreed and enforceable.

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**Recommendation**

Controls to be implemented to ensure during the new starter process, a signed contract is obtained and stored by the Council.

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**Current position**

During 2024 a new applicant tracking recruitment system (ATS) will be implemented. As part of this implementation, it will enable the opportunity to review what onboarding functionality can be used, which will include the potential for using the ATS to issue offer letters with applicants having the ability to sign and accept the role / terms. As part of this, the Council can explore whether the same can be used for contracts of employment.

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**Audit conclusion**

We understand the deficiency is not yet addressed and management have plans to address the deficiency. We will follow up with management in due course.

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# Appendix A: Further information on our audit of the financial statements of the Council

## Follow up on previous years' recommendations – continued

### Description of deficiency

Our work on IT general controls identified that the Council does not have formal disaster recovery provisions in place. The Council is now in the process of commissioning a new Disaster Recovery facility located at Tameside Hospital and the Corporate IT Business Continuity and Disaster Recovery plan is currently going through the internal governance process.

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### Potential effects

Major incidents or disasters may cause outage of one or more business critical systems, causing data loss, thereby affecting the availability and integrity of information.

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### Recommendation

In order to avoid data loss due to the outage of one or more business critical systems, we recommend ensuring the disaster recovery plan clearly defines: Roles and responsibilities; Assets classification; Recovery point objective (RPO) for all critical systems; Recovery time objective (RTO) for all critical systems; The disaster recovery plan should be regularly tested, the testing should include business users and should be documented for audit and monitoring purposes.

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### Position as at September 2024

A paper is being prepared for the Senior Leadership Team in relation to Tier 1 and Tier 2 systems hosted within the data centre, for approval of the priority systems and associated test plans in each tier.

A piece of work around updating business continuity plans for each service area is planned to take place this year to inform the Disaster Recovery plan.

The Council uses an Immutable Back Up solution for Data Back Up protection with 'object locking' to keep any actors from altering or deleting data. Immutable backups are one of the highest levels of protection and one of the easiest and quickest solutions to get systems back online.

The Council's data primary site is currently hosted at the Trafford General Hospital (TGH) in a reciprocal arrangement. TMBC's recovery site is at Ashton Old Baths (AOB), where the link has been installed and the Council are in the process of configuring the new storage solution. Once this work is completed, data and systems will be migrated from TGH to AOB, making AOB our primary site and TGH our recovery site.

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### Current position

Business continuity plans will continue to be worked on and will be supported by the Emergency Planning team and Information Governance Teams.

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### Audit conclusion

We understand the deficiency is not yet addressed and management have plans to address the deficiency. We will follow up with management in due course.

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# Appendix A: Further information on our audit of the financial statements of the Council

## Follow up on previous years' recommendations – continued

### Description of deficiency

Our work on property, plant and equipment valuations identified that floor areas used by the valuer contained errors. These floor areas were summarised and sent to the valuer by the Council's estates team. When reviewing source evidence for floor areas of assets, the measurements within the evidence did not agree to the list of measurements provided by the estates team to the valuer.

### Potential effects

For future valuations, or other Council-related activities, the information within the summary of recorded measurements of floor areas could be used and create further issues in valuations, or decision making.

### Recommendation

Management should engage with the Council's estates team to ensure that the right measurements are communicated to the valuer.

Management should consider checking a sample of measurements to ensure the correct measurements are communicated to the valuer.

### Current position

Combined partnership working took place between the Council's estates and finance teams and the external valuation team, to ensure that the correct floor areas were used in the 2023/24 valuations.

### Audit conclusion

We understand the deficiency is not yet addressed and management have plans to address the deficiency. We will follow up with management in due course.

### Description of deficiency

Our work on the Council's debtor balances identified an unreconciled difference of £0.632m between the general ledger and revenues and benefits system in respect of business rates debtors.

### Potential effects

Discrepancies between the two systems can lead to a misstatement of the Council's debtor balance within the Statement of Accounts.

### Recommendation

The discrepancy between the systems should be fully investigated and cleared.

### Position as at September 2024

The discrepancy was investigated and corrected as part of the work for the 2023/24 collection fund.

### Audit conclusion

We accept the response from management and are satisfied this deficiency is appropriately addressed.

# Appendix A: Further information on our audit of the financial statements of the Council

## Follow up on previous years' recommendations – continued

**Description of deficiency**

Our work on Property, Plant and Equipment identified a small number of assets (total value £0.272m) which have not been revalued within the five year rolling cycle of valuations. Whilst the value is not significant, this is not in compliance with the requirements of the CIPFA Code.

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**Potential effects**

Failing to revalue assets on a sufficiently regular basis can lead to a misstatement of the Council's Property, Plant and Equipment balance.

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**Recommendation**

The assets should be included in the 2021/22 revaluation programme.

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**Position as at September 2024**

This has been picked up by finance as part of the 2023/24 valuation.

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**Audit conclusion**

We accept the response from management and are satisfied this deficiency is appropriately addressed.

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# Appendix B: Further information on our audit of the financial statements of the Pension Fund

## Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

| Risk  | Our audit response and findings  |
|---|--|
| <p><b>Management override of controls</b></p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p> | <p><b>How we addressed this risk</b></p> <p>We address the management override of controls risk through performing audit work over accounting estimates; journal entries; and significant transactions outside the normal course of business or otherwise unusual.</p> <p><b>Audit conclusion</b></p> <p>Our work on journals entries testing is completed. On our review of accounting estimates, we were satisfied on the reasonableness of these estimates. We did not identify any significant transactions outside the normal course of business of the Pension Fund or otherwise unusual. There are no matters to report from our work.</p>  |
| <p><b>Valuation of investments within Level 3 of the fair value hierarchy</b></p> <p>As at 31 March 2023, the fair value of investments within level 3 of the fair value hierarchy was £8.7bn, which accounted for approximately 30 per cent of net investment assets. Level 3 assets are those assets whose value is based on unobservable inputs, and consequently the estimation uncertainty for these assets is more significant than for assets values at level 1 and 2.</p>   | <p><b>How we addressed this risk</b></p> <p>Our audit procedures included obtaining an understanding of the skills, experience and qualifications of the external valuers used by the Pension Fund and considering the appropriateness of the Pension Fund's instructions to those valuers; obtaining an understanding of the basis of valuation applied in the year; agreeing the valuation of a sample of investments to supporting documentation included custodian records, investment fund manager valuation and cash flow adjustments; agreeing the valuation of a sample of investments to unqualified audited accounts or other independent supporting documentation, where relevant; obtaining assurance from our Mazars Property Valuations team on the appropriateness of the methodology and assumptions adopted by the Pension Fund's Investment Properties valuer; and carried out sample testing on the completeness and accuracy of underlying investment property data used by the valuer as part of their valuations.</p> <p>Although not directly related to the identified significant risk, we also reviewed the Pension Fund's classification of assets in the fair value hierarchy.</p> <p><b>Audit conclusion</b></p> <p>Our work identified misstatements caused by more up to date information being available after the Pension Fund produce their draft financial statements. Our audit work identified errors totalling £41m across the material level 3 investments and errors totalling £10m on our residual sample testing. As these errors were identified from a sample test, applying our audit approach, we have extrapolated the errors over the remaining untested population to establish the potential misstatement. The total known and extrapolated misstatement is £70m, and the Pension Fund have not adjusted for this misstatement based on immateriality. There are no further matters to report.</p> |

# Appendix B: Further information on our audit of the financial statements of the Pension Fund

## Summary of uncorrected misstatements

Management has assessed the misstatement in the table below as not being material, individually or in aggregate, to the financial statements and therefore did not adjust the financial statements in respect of it. The misstatement exceed our reporting threshold.

| Details of adjustment   | Fund Account |                | Net Assets Statement |            |
|---|--------------|----------------|----------------------|------------|
|   | Dr (£'000)   | Cr (£'000)     | Dr (£'000)           | Cr (£'000) |
| Dr Pooled Investment Vehicles   |              |                | 69,889               |            |
| Cr Profit and losses on disposal of investments and changes in value of investments   |              | -69,889        |                      |            |
| To produce the draft accounts by the required timetable the Pension Fund use the most up to date valuation for the investment assets. Subsequently, and during the audit more up-to-date information is available of the valuation of the assets at 31 March 2023. This more up to date information identified errors totalling £40.5m across the material level 3 investments and errors totalling £10.3m on our residual sample testing. As these errors were identified from a sample test, applying our audit approach, we have extrapolated the errors over the remaining untested population to establish the potential misstatement. The total known and extrapolated misstatement is £70m, and the Pension Fund have not adjusted for this misstatement based on immateriality. |              |                |                      |            |
| <b>Aggregate effect of unadjusted misstatements</b>   | <b>-</b>     | <b>-69,889</b> | <b>69,889</b>        | <b>-</b>   |

## Internal control observations and follow up on previous years' recommendations

We identified one internal control observation as part of our 2021/22 audit, and followed up on this in our 2022/23 Audit Completion Report. This deficiency affected both the Pension Fund and the Council. An update to the deficiency identified and recommendation raised in respect of this finding is reported within Appendix A.

There are no further internal control observations to report.

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