



Audit Strategy and Completion Report

Trafford Metropolitan Borough Council – Year ended 31 March 2024

February 2025

Members of the Accounts and Audit Committee
Trafford Metropolitan Borough Council
Town Hall
Talbot Road Stretford
M32 0TH

5 February 2025

Dear Accounts and Audit Committee Members,

Audit Strategy and Completion Report – Year ended 31 March 2024

We are pleased to present our Audit Strategy and Completion Report for Trafford Metropolitan Borough Council for the year ended 31 March 2024. The purpose of this document is to summarise our audit and to explain how the statutory backstop arrangements introduced by the Accounts and Audit (Amendment) Regulations 2024, have affected the completion of our work and the reporting consequences. We consider two-way communication with you to be key to a successful audit and particularly important in the context of the backstop arrangements as it facilitates:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities; and
- providing you with constructive observations arising from the audit process even though this has been curtailed by the backstopped arrangements.

We would usually report the results of our planning work, including the significant risks identified and our planned procedures, in our Audit Strategy Memorandum. The results of our audit, including significant matters identified would usually be reported to you in our Audit Completion Report. As a result of the backstop arrangements, we have determined that the most appropriate way to communicate each of the matters required under auditing standards, in this single Audit Strategy and Completion Report.

As it is a fundamental requirement that an auditor is, and is seen to be, independent of audited bodies, section 8 of this document summarises our considerations and conclusions on our independence as auditors.

We will continue to work closely with you and management to take the necessary steps to rebuild assurance over future accounting periods. We will report further details to you on the rebuilding process in the coming months. In line with the guidance issued by the National Audit Office, as endorsed by the Financial Reporting Council, we hope to return to a standard audit cycle where we are able to obtain sufficient, appropriate evidence in order to issue an unmodified audit opinion in as short a period as practicable.

I would like to express our thanks for the assistance of your team during the course of our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me on +44 (0)161 238 9243.

Yours faithfully

Alastair Newall

Forvis Mazars LLP

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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

01

Our audit and the implications of the statutory backstop

Our audit and the implications of the statutory backstop

We are appointed to perform the external audit of Trafford Metropolitan Borough (the Council) for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>.

Our audit of the financial statements

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice ('the Code'). Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ("the 2014 Act").

We are appointed to audit the financial statements in accordance with International Standards on Auditing (UK), and under normal circumstances our objectives would be to form and express an opinion on whether the financial statements present a true and fair view of the Council's financial affairs for the year and whether they have been prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting.

Government has recently introduced measures intended to resolve the local government financial reporting backlog. Amendments to the Accounts and Audit Regulations require the Council to publish its audited 2023/24 financial statements and accompanying information on or before 28 February 2025. In accordance with the Code, we are required to provide our audit report on those financial statements in sufficient time to enable the Council to meet these responsibilities, whether the audit is completed or not.

As a result of the backstop arrangements, we have determined that there is insufficient time to complete our audit procedures so as to obtain sufficient appropriate evidence, and, in our view, the effects of the resulting lack of evidence is material and pervasive to the financial statements as a whole. As a result, we intend to issue a disclaimer of opinion on the Council's financial statements. We have included our proposed audit report in Appendix B. When an opinion is disclaimed the auditor does not express an opinion on the financial statements and, consequently, no assurance is provided on the financial statements. Members will note that the form and content of this report differs substantially from the report which they will have seen in previous years. We provide more details on this in section 5.

Further information on the procedures we have undertaken in order to issue a disclaimer of opinion in advance of the backstop date is provided in section 3.

Responsibilities in respect of fraud and internal control

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting. As part of our audit procedures in relation to fraud we are required to inquire of Those Charged with Governance and including key management include Internal audit, other key individuals where relevant as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks.

Management is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Despite our intention to issue a disclaimer of opinion, where matters come to our attention through the course of our audit, we may be required to report these to you. Section 5 sets out any internal control recommendations we have made and any misstatements identified in the draft financial statements and how these have been addressed by management.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers under the 2014 Act. No such correspondence from electors has been received.

Value for Money arrangements

The amendments to the Accounts and Audit Regulations do not affect our responsibilities in relation to the Council's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work and our findings further in section 6 of this report.

Whole of Government Accounts

As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the Council's financial statements, we anticipate reporting to the NAO that we are unable to complete the mandatory audit procedures specified in their Group Audit Instructions. We are awaiting confirmation of when and how this should be reported to the NAO.

02

Your audit team

Your audit team



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Our audit approach

Our audit approach

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements. Our audit of the financial statements has been conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. We have also had regard to the Local Audit Reset and Recovery Implementation Guidance ('LARRIG') issued by the National Audit Office and endorsed by the Financial Reporting Council in delivering our audit in the context of the backstop arrangements introduced by the 2024 amendments to the Accounts and Audit Regulations.

Our approach to the audit of the financial statements

In the absence of the backstop arrangements, our audit would be risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. After completing our detailed risk assessment work and developing our audit strategy, we would design and complete audit procedures in response to the risks identified.

The conditions created by the imposition of the backstop arrangements mean that we have not carried out all of the work necessary to issue a detailed audit plan and to complete all the required audit procedures to provide an opinion on the financial statements. The approach we have taken to carrying out the Council's audit has been designed so that we can comply with International Standards on Auditing (UK) and issue our audit report to allow the Council to meet the backstop date of 13 December 2024 for publishing the financial statements and other relevant information.

We summarise below, the work we have undertaken to inform our audit strategy and our determination that it is necessary to issue a disclaimer of opinion on the Council's financial statements. As we have not completed all our planning procedures, including all risk assessment work, we do not include a summary of significant and enhanced risks as part of this report.

Area of the audit	Summary of our procedures
Acceptance and continuance	We have carried out all acceptance and continuance procedures including consideration of: <ul style="list-style-type: none">• The financial reporting framework adopted by the Council and the existence of any unusual or controversial accounting policies• The form, timing and expected content of our communication with Those Charged with Governance• Any actual or potential threats to our independence• The existence of any other factors that indicate we should not continue as the Council's auditor
Understanding the entity	We have carried out audit procedures to understand and document our understanding of the Council across a range of areas, including but not limited to: <ul style="list-style-type: none">• The Council's structure, including its wider group• Key accounting policies• Accounting estimates• The use of experts
Control environment assessment	We have documented our consideration of the Council's control environment. We carry out this work to inform both our work on the financial statements and as an element of our Value for Money arrangements risk assessment work.

Our audit approach

Area of the audit	Summary of our procedures
Fraud	We have carried out work on identifying potential fraud risks and made specific inquiries of management and Those Charged with Governance in respect of actual, potential or suspected fraud.
Materiality	We have considered the application of materiality for the audit of the Council's financial statements. Further details on the materiality thresholds determined, is included later in this section of our report.
Laws and regulations	We have obtained an understanding of the legal and regulatory framework applicable to the Council and made specific inquiries with management and Those Charged with Governance in respect of any instances of noncompliance with laws and regulations.
Written representations	We have requested certain written representations from management in accordance with ISA (UK) 580. The draft management letter of representation is provided in Appendix A.
Completion, review and reporting	<p>We have undertaken sufficient review procedures to ensure our audit complies with the requirements of ISA (UK) 230. This includes specific work to document our consideration of the implications of the backstop arrangements on our audit and the reporting implications.</p> <p>We have also considered whether any matters have come to our attention that we deem should be reported to Those Charged with Governance or that may be relevant to our auditor's report. Such matters may include misstatements identified in the draft financial statements or internal control recommendations.</p> <p>As we intend to issue a disclaimer of opinion, additional quality and risk management processes have also been followed.</p>

Our audit approach

Group audit approach

The Council prepares Group accounts and consolidates the following bodies:

- Trafford Leisure CIC Limited—a 100% owned subsidiary of the Council- This subsidiary is accounted for on an acquisition basis and consolidated on a line-by-line basis, writing out inter-group transactions
- Trafford Bruntwood LLP, Trafford Bruntwood (Stamford Quarter) LLP and Trafford Bruntwood (Stretford Mall) LLP- 50% owned joint ventures- These are accounted for on an equity basis in the group accounts.
- As the Council’s external auditor, Forvis Mazars LLP audits 98% of the total group expenditure at the surplus/deficit on provision of services level. Further detail on our approach to the Group audit is set out below:

Entity	Classification	Statutory auditor	Group audit strategy if the backstop did not apply
Trafford Metropolitan Borough Council	Significant	Forvis Mazars LLP (group auditor)	Full scope audit of the Council
Trafford Leisure CIC	Significant	Mitchell Charlesworth	Group auditor to undertake specific procedures on balances and transactions
Trafford Bruntwood LLP	Significant	Deloitte	Group auditor to undertake specific procedures on balances and transactions
Trafford Bruntwood (Stamford Quarter) LLP	Significant	Deloitte	Group auditor to undertake specific procedures on balances and transactions
Trafford Bruntwood (Stretford Mall) LLP	Significant	Deloitte	Group auditor to undertake specific procedures on balances and transactions

04

Materiality

Materiality

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Our approach to determining materiality

Although we intend to issue a disclaimer of opinion on the financial statements as a result of the backstop arrangements, we are required to determine materiality and communicate this to the Accounts and Audit Committee.

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Accounts and Audit Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors. When planning our audit, we make judgements about the size of misstatements we consider to be material.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality

Our approach to determining materiality (continued)

For the group and single-entity financial statements, we consider that Gross expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We have set a materiality threshold of 2% of gross expenditure at the surplus/deficit on provision of services level for the Council's Group and the Council single entity financial statements.

Based on the 2023/24 draft financial statements overall Group materiality for the year ended 31 March 2024 is £14m for the Group (£12.65m in the prior year), and Group performance materiality is £9.8m (£9.49m in the prior year).

For the single entity statements, overall materiality for the year ended 31 March 2024 is £13.8m (12.5m in the prior year), and performance materiality is £9.66m (£9.38m in the prior year).

Group financial statements	2023/24 £'000s	2022/23 £'000s
Overall materiality	£14,000	£12,650
Performance materiality	£9,800	£9,488
Clearly trivial	£420	£380

Single entity financial statements	2023/24 £'000s	2022/23 £'000s
Overall materiality	£13,800	£12,500
Performance materiality	£9,660	£9,375
Clearly trivial	£414	£375
Specific materiality		
Disclosure in respect of Senior Officer Remuneration	£25	£5

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Significant findings

Significant findings

Background and modification of the audit opinion

As a result of the backstop arrangements, we have not been able to complete sufficient audit procedures to enable us to provide an unmodified opinion on the Council's financial statements. As we have determined that the effects, or potential effects on the financial statements of the lack of sufficient appropriate evidence are material and pervasive, we will be issuing a disclaimer of opinion. This means we are expressing no opinion on the financial statements.

Appendix B sets out our draft audit report which explains the basis of our disclaimer of opinion being the introduction of the backstop arrangements which require the Council to publish its audited 2023/24 financial statements by 28 February 2025.

Members will note that the draft audit report does not report on other matters that would usually appear in an unmodified audit report. These include:

- the use of the going concern assumption in the preparation of the financial statements; and
- the consistency of the other information presented with the financial statements.

Although we are disclaiming our audit opinion, auditing standards require us to report matters to you that have come to our attention during the course of our audit, which we include in this section of this report.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability 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 law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2023/24 audit.

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. No such objections have been raised.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

- Implications of the backstop arrangements

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Council's compliance with laws and regulations. We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error .

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Our observations on internal control

As part of our planning procedures, we obtained an understanding of Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to inform our audit strategy. Although our audit was not designed to express an opinion on the effectiveness of Council's internal controls, we are required to evaluate any deficiencies in internal control that come to our attention, even though we intend to issue a disclaimer of opinion.

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified through the audit procedures we were able to complete before the backstop date. If we had performed more extensive procedures on internal control, we might have identified more other matters to report. Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency are of sufficient importance to merit the attention of the Accounts and Audit Committee.

We have not identified any significant deficiencies in the Council's internal controls as at the date of this report.

Other observations on internal control

We also report to you, our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We do not have any other internal control observations to bring to your attention as at the date of this report.

Whether internal control observations merit attention by the Accounts and Audit committee and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Summary of amendments to the financial statements

The Council's S151 Officer authorised the Council's draft financial statements for issue on 29 November 2024.

Although we intend to issue a disclaimer of opinion, we still report any amendments which management have made to the draft financial statements, identified either through the audit procedures that we have undertaken, or separately by management.

This information is provided to the Accounts and Audit committee for information and to support it to discharge its responsibilities. It is important for members to note that, given we are issuing a disclaimer of opinion, we provide no assurance over the material accuracy of the amendments that have been made to the draft financial statements which are summarised in this section.

Amendments to the financial statements

Management has processed the amendments set out in the table below which exceed the trivial threshold. .

Details of amendment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Cr: Property, plant and equipment				19,832
Dr: Unusable reserves- revaluation reserve			16,598	
Dr: Expenditure	3,234			
Adjustment posted to amend obsolescence for updated rate factors on operational building assets.				
Aggregate effect of amendments	3,234		16,598	19,832

Unadjusted misstatements

When we issue a disclaimer of opinion as a result of the backstop arrangements, auditing standards require us to consider whether we are aware of any matter that would have otherwise required a modification to our opinion. Such matters may include, for example, material misstatements that have been identified which have not been amended by management in the final financial statements. We confirm that no such matters have come to our attention.

06

Value for Money arrangements

Value for money arrangements

The framework for Value for Money arrangements work

We are required to form a view as to 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 in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 is the fourth audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report. The introduction of the backstop arrangements does not alter our responsibilities in relation to Value for Money arrangements work.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **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 approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include: <ul style="list-style-type: none">• 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; and• interviews and discussions with officers and Members.
Additional risk-based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• significant weaknesses identified and our recommendations for improvement; and• emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Value for money arrangements

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and have identified one continuing significant weakness in arrangements and have made associated recommendations. We provide further details on the identified significant weaknesses and our recommendations within this section of our report.

Our draft audit report at Appendix B confirms that we have matters to report in respect of significant weaknesses. Our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in February 2025 however we have included our draft commentary within this report below.

Follow up of previously-reported significant weaknesses in arrangements

In November 2024 we reported one significant weakness to the Council. As part of our work in 2023/24, we followed up the progress made by the Council against the recommendations made, and determined whether the significant weakness remained during the year.

Significant weakness in arrangements	Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
<p>Financial sustainability</p> <p>Significant weakness The Council has not identified savings and income generation plans to address the underlying deficit within its budget and has relied on the unsustainable use of reserves to balance the budget.</p> <p>This is evidence of a significant weakness in the Council's arrangements for financial sustainability.</p> <p>Recommendation The Council should develop sustainable financial plans to ensure services can be provided within available resources.</p>	●			<p>Progress against the recommendation The outturn for 2023/24 shows the Council has made progress in delivering £11.8m of savings and additional income in line with budget plans, however £7.4m of reserves were still needed to support the budget.</p> <p>The budget for 2024/25 was balanced through the planned use of £5.6m of reserves and required £6m of savings and additional income.</p> <p>The updated Council's Medium Term Financial Strategy (MTFS) presented in February 2024 for 2025/26 to 2026/27 reported a budget gap of £29.6m.</p> <p>The Council has £10.5m of General Fund reserves and £11.1m of reserves earmarked for MTFS Budget Resilience and Change at 31 March 2024. The Council forecasts the 'MTFS Budget Resilience and Change' reserve to reduce to £8.7m by 31 March 2026.</p> <p>Conclusion In our view the significant weakness relating to the Council's financial sustainability remains for 2023/24.</p>

VFM arrangements commentary

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 Financial Sustainability

Background to the Council's operating environment in 2023/24

During 2023/24 the Council continued to face significant challenges, against a backdrop of an adverse national economy and a cost-of-living crisis, the Council continued to see significant increase in demand for its services. The financial impact of the pandemic on the Council continues to feature with loss of income and additional costs. The Council has continued to work to understand the longer-term impact of the pandemic, and to adapt its financial plans over the medium term.

In response to these pressures it is essential the Council has timely and accurate financial reporting to members and senior management, and decision makers make prompt decisions to maintain the financial sustainability of the Council.

2023/24 Financial Performance

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

The Council's balance sheet saw significant movements from 2022/23. Overall, the Council's net assets decreased from £752m to £685m at 31 March 2024. The most significant changes in the balance sheet relate to the Council's Local Government Pension Scheme being a net liability for 2023/24 after previously being a net asset, and increases of £55m in the value of the Council's property, plant and equipment compared to the prior year. The material movements in the net pension position is consistent with other local authorities and is related to the pension ceiling adjustment. The movements in property values are reflective of the Council's capital programme, and changes as a result of asset revaluations.

The Council's useable reserves have increased from £101m at 31 March 2023 to £125m at 31 March 2024. Significant movements include the following:

Contributions to Reserves:

- £8.3m to the Business Rate Risk Reserve
- £3.6m to the Budget Support Reserve from the distribution from Greater Manchester Combined Authority
- £1.9m to the Strategic Investment Reserve
- £2m to the Interest Rate Smoothing Reserve

Contributions from reserves:

- £7.4m from the Budget Support Reserve
- £1.2m from the Business Rate Risk Reserve and Council Tax Smoothing Reserve
- £1m from the Inflation Risk Reserve

The movements in earmarked reserves are consistent with the reserves policy set by the Council in year. The Council's reserves policy identifies the purpose of each reserve, for example whether the reserve is linked to the Council's strategic priorities or to support budget resilience. The policy also sets out the approval process for drawing down reserves. The approval process is determined by the type of reserve and involves officers of sufficient seniority in the decision to draw down the reserve.

Financial planning and monitoring arrangements

The budget for 2023/24 was approved at the 15 February 2023 Council meeting. It set a net budget requirement of £209.4m. The initial budget for 2023/24 identified an overall gap of £24.9m. The Council addressed this gap through a combination of the following:

- additional funding of £5.7m from council tax income
- use of reserves of £7.4m
- service savings and income generation of £11.8m .

Throughout the year the Council regularly updated and presented its budget monitoring reports to members. Budget information and performance monitoring through the year remained up-to-date despite the challenging environment and allowed the Council to identify emerging pressures during the year in a timely way.

We have reviewed the Council's budget setting papers for 2023/24 and confirmed the budget is linked to the updated Medium Term Financial Strategy (MTFS) approved at the same meeting. It included details of key underlying assumptions including levels of inflation and pay increases alongside known changes to levies charged from GMCA.

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability- continued

During the year, the Council reported its Budget Monitoring Report to the Executive on a regular basis, and the Accounts and Audit Committee received the reports three times during the year. We have reviewed a sample of the reports presented to members. These contained appropriate detail of the significant variances against budget and provided an update on the delivery against savings targets. They also contained appropriate information on the delivery of the approved capital programme, including explanations for both over and under spends against the budget profile. Emerging pressures were explained and potential impacts noted.

The outturn for 2023/24 was an underspend of £0.89m. The Council continued to incur budget overspends relating to additional demand for childcare placements and children's home to school transport. The effect of this increase in demand was offset by favourable investment returns due to higher interest rates, an underspend on staff costs from managing recruitment and lower than budgeted energy costs.

The outturn position also highlighted the continued pressure on the Dedicated School Grant (DSG) budget with a deficit of £8.2m in 2023/24 leaving the cumulative deficit on the DSG at £9.7m. The deficit is heavily impacted by demand pressures particularly for high needs placements. The Council has developed a DSG deficit management plan which identifies mitigations such as strengthening effective commissioning and sufficiency management to lower the reliance on more costly external placements. The pressures the Council faces are not unique to Trafford and follows similar trends seen at other Local Authorities. The DSG override mechanism has been extended to 31st March 2026 giving the Council further time to address the underlying deficit.

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

The Council's Medium Term Financial Strategy (MTFS) is a three-year plan which frames the choices the Council needs to make about the services it delivers and how it will deliver them. The MTFS underpins the organisational delivery of the Corporate Plan and helps to ensure decision making gives consideration to the future shape of the Council and its ongoing financial sustainability by setting out the resources available to deliver the Council's priorities.

A key part of the MTFS is to highlight the budget gaps that need to be addressed by the Council in each of the years covered. The Council did this by forecasting the level of available resources and budget pressures, relating to both capital and revenue spending. It also provided information on the adequacy of reserves to support the future delivery of Council services.

The budget cycle commenced in June/July with an update to the MTFS. Regular workshops were held (August, September, October, December and January) with Corporate Leadership Team (CLT) and Members to present the gap and to develop savings programmes for the short and medium term. Budget ownership is devolved so managers are engaged early in the process of identifying savings plans. Challenge to the process was provided by the Service Delivery Group (a sub-group of senior managers) and Strategic Finance Managers to ensure it is sufficiently robust. Saving plans were consulted on with the public and scrutinised by relevant Scrutiny Committees. Details of how the budget gap was planned to be closed was presented in the MTFS as part of the draft and final budget reports.

Although the budget for 2023/24 and the updated MTFS included a series of planned savings and efficiencies, they were not at a sufficient level to avoid the use of reserves to deliver current level of services. The table below outlines the level of savings made and use of reserves to support the budget in 2022/23 and 2023/24. It demonstrates that the use of reserves played a significant role in bridging the funding gap in 2022/23 and 2023/24. Using reserves to bridge funding gaps is unsustainable and exposes the Council to the risk that services cannot continue to be delivered at the current level with the resources available.

	2022/23 (£000)	2023/24 (£000)
Planned saving proposals	5,320	11,760
Savings delivered	3,820	11,730
Planned use of reserves to support budget	11,430	7,400
Actual use of reserves to support budget	11,430	7,400

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability- continued

The Council engaged CIPFA to complete a financial resilience review. The review focussed on the financial position and governance arrangements the Council has in place for financial management and addressing its financial challenges. CIPFA issued their report and findings in January 2025. The report recognises the well-established and robust governance and financial management arrangements the Council has in place. CIPFA outlined eleven key recommendations within the report to strengthen arrangements.

The report reflects on the challenges the Council faces in securing financial resilience and sustainability, and there is recognition that the current use of reserves is unsustainable in the medium to long term.

Arrangements and approach to 2024/25 financial planning and the Medium Term Financial Strategy

The arrangements for the 2024/25 budget setting process have largely followed the arrangements in place for 2023/24.

The budget for 2024/25 and MTFS for the period 2025/26 to 2026/27 was approved at the 21 February 2024 Council meeting. The MTFS for the period identified a gross budget gap for the three years, before applying policy choices, of £53.1m of which £17.8m related to 2024/25.

Using the methodology described above, the Council was able to close this gap and to set a balanced budget for 2024/25 at £217.8m. The Council addressed the gap through a combination of the following:

- additional funding of £6m from council tax income
- use of budget support reserves of £5.6m
- service savings and income generation of £6.2m.

After applying policy choices a residual budget gap of £29.6m remained of which £15.38m related to 2025/26 and £14.22m to 2026/27. We have reviewed the 2024/25 budget papers and confirmed the budget assumptions appear realistic and properly applied based on the circumstances at the time the budget was set.

The MTFS also referenced a number of other financial challenges and areas of uncertainty. The Council highlights the funding available to the Council is insufficient to deliver sustainable services and that if this is not addressed the Council will struggle to deliver services and achieve a balanced budget. The report also mentions the potential national reset of the business rate retention scheme baseline which is now expected in

2026/27. This has potential to give rise to significant financial turbulence because of the high level of reliance on funding generated through the business rate retention schemes. Furthermore, recent economic uncertainty, demand pressures and potential higher inflation present risks to the MTFS.

The most recent forecast outturn for 2024/25, at month six, was a projected overspend of £3.56m as the Council continued to deal with additional demand particularly for childcare placements and increased housing benefits costs. Additionally, savings are forecast to be £1.1m below its target which adds additional pressure to the financial position.

The 2024/25 budget and MTFS report presented to Council recognises that the use of reserves to balance the budget is unsustainable in the medium term. The Council has limited reserves left to be able to support the budget in the medium term and absorb the impact of financial risks. The table below outlines the residual budget gap over the MTFS period against reserves as outlined in the budget reports. As the table shows, the Council forecasts its 'MTFP Budget Resilience and Change' reserve to be £8.76m by the end of the MTFS period. This reserve is the primary reserve available to support the budget and is insufficient to support the remaining MTFS budget gap of £29.6m. While the Council does have other useable reserves, these are earmarked for specific purposes for example to support strategic priorities and specific risks, and are less likely to be able to support the Council's overall medium-term financial position. Based on the Council's MTFS analysis the continued use of reserves is unsustainable, and further action is required to deliver Council services within the available resources.

	2023/24 budget (£000)	2024/25 budget (£000)
Residual budget gap over MTFS period	17,080	29,600
Available reserves:	Actual at year end (31/03/24)	Estimate- end of MTFS period (31/03/26)
General fund	10,500	10,500
MTFP Budget Resilience and Change reserve	11,140	8,760
Other earmarked reserves	58,260	20,660

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability- continued

The Council has not addressed the underlying deficit within its budget through its saving and income generation plans, and has relied on the continued use of reserves and one-off measures to balance the budget. This unsustainable use of reserves to bridge the budget gap is evidence of a significant weakness in the Council's arrangements for financial sustainability (how the Council plans to bridge its funding gaps and identify achievable savings).

Based on the above considerations we have identified a continuing significant weakness in the Council's arrangements in relation to 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 Governance

Risk management and monitoring arrangements

The Council has an established risk management system in place, which is embedded into the governance structure of the organisation. The Accounts and Audit Committee are responsible for ensuring that risk management arrangements are in place and are regularly reviewed to ensure they are working effectively.

Each directorate maintained and updated its own risk register, which fed into the strategic risk register at the organisation level. We have reviewed an example register and confirmed it is sufficiently detailed to allow for effective risk management, with each risk having an assigned risk owner and a risk score based on a probability and impact matrix. Where mitigating actions were identified they were assigned a risk owner and due date to provide accountability and allow for effective oversight of the risk. Each risk register is accompanied by a dashboard providing an 'at-a-glance' view of the risk activities within the function.

The corporate risk register provides the Council's senior leadership team with oversight of the key risks faced by the organisation. Regular updates to it were taken to the Accounts and Audit Committee. From our attendance at these meetings, we have seen Members challenge the scores and key risk management activities to gain assurance about the effectiveness of the arrangements in place.

In order to provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud, the Council has a team of internal auditors, led by the Head of Internal Audit and a Counter Fraud and Enforcement Team. The annual Internal Audit plan was agreed with management at the start of the financial year and reviewed by the Accounts and Audit Committee prior to final approval. The 2023/24 Internal Audit plan was approved by the Accounts and Audit Committee on 14 March 2023.

The annual audit plans were based on an assessment of the risks the Council faces and were determined to ensure there was assurance over the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control. We have reviewed the Internal Audit Plans for 2023/24 and confirmed work is planned on a risk-based approach. The risk rating of each audit area determines the frequency of audit, with key areas such as Financial Systems, Governance, Schools, Other Business Risks being subject to annual audit procedures.

Internal Audit progress reports were presented to each Accounts and Audit Committee meeting including follow up reporting of recommendations not fully implemented by agreed due dates. This allowed the

Committee to effectively hold management to account. At the end of the financial year the Head of Internal Audit provided an opinion on the overall adequacy and effectiveness of the Councils framework of governance, risk management and internal control environment. For 2023/24 the Head of Internal Audit concluded that a reasonable level of assurance can be given that the Council's control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

We have attended all Accounts and Audit Committee meetings. Through attendance at these meetings we have confirmed that the committee received regular updates on both internal audit progress and risk management in the form of risk registers. We have seen active member engagement from the audit committee who challenge the papers and reports which they receive from officers, internal audit and external audit.

We have also reviewed meeting minutes from both Council and Executive meetings which evidence an appropriate level of member engagement and challenge.

Arrangements for budget setting and budgetary control

The Council has an approved set of budget principles which were used during the budget setting process. The key budget principles are:

- Budget Holders are defined as the Chief Executive, Corporate Directors, Directors, Heads of Service and Strategic Leads, together with any other Officer with the relevant delegated authority to control and monitor budgets. Budget Holders are consulted in the preparation of the budgets for which they are responsible and held accountable;
- Budget Holders are responsible for the day-to-day control of income and expenditure against a set budget for a cost centre, or group of cost centres that make up the area for which they have operational responsibility;
- As part of the monitoring process, Budget Holders must review regularly the effectiveness and operation of revenue budget preparation and ensure that any corrective action is taken.

VFM arrangements – Governance

Overall commentary on Governance- continued

Saving proposals and/or additional resources (i.e. income generation) were identified by services to balance the budget. Proposals were consulted on and scrutinised by the Scrutiny Committee prior to Executive approval for inclusion in the budget as part of balancing the budget. Proposals were informed by and aligned to the Council Plan and MTFS. Government announcements linked to the Council's future funding were a key part of the process. This included Government Spending Reviews, national budget announcements and Local Government Finance Settlement announcements. In addition, Executive decided on an appropriate level of Council Tax increase, taking all of the above into account, as well as the impact this has on residents to support the balancing of the Council's budget. We have reviewed the budget assumptions which are appropriate and are consistently applied.

The Council operated within an annual budget allocation, approved when setting the overall budget. To ensure that the Council in total did not overspend, each service was required to manage its own expenditure and income within the budget allocated to it (i.e. controllable budget). For the purposes of budgetary control by Budget Holders, their budget was split into controllable and non-controllable for a service area or cost centre, with the service managers being held accountable for the controllable elements of the budget.

Following approval of the budget, progress against targets were monitored on a regular basis including the preparation of monthly management reports and challenge on key variances to agreed budgets. Reports were taken to CLT and Executives (bi-monthly), and to CLT on high risk areas monthly. We have reviewed a sample of the finance reports that were prepared throughout 2023/24 which evidence that an appropriate level of detail is included to keep Directors, the CLT and members informed of any actual or potential overspends, including detail on how these areas were being managed.

Budgetary control was a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provided the mechanism to call to account managers responsible for defined elements of the budget. By continuously identifying and explaining variances against budgetary targets, the Council was able to identify changes in trends and resource requirements at the earliest opportunity, enabling remedial action to be taken, where necessary.

In addition to the above the Council's Director of Finance & Systems undertook regular reviews of the Council's Reserves Policy. In 2023/24 a key focus of the reserves policy was to support the resilience of the Council's MTFS and transformation. We have reviewed the Council's reserves policy and confirmed it is

based on appropriate assumptions.

Decision making arrangements and control framework

The Council has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Council's Corporate Governance Code, the Governance Framework, the Constitution and scheme of delegation.

The Code of Corporate Governance sets out the key principles which the Council is committed to, and which is the framework for the Council to conduct its business. It allocates corporate governance roles and responsibilities to key officers. In doing this, the framework sets out clearly the lines of accountability.

The constitution sets out that a decision is defined as a key decision if it is likely to require expenditure or savings that are significant in the context of the Council's budget or the services provided or if it is likely to have a significant effect on communities living or working in an area comprising of two or more Council wards. Key decisions can be taken by the Executive, and Executive Member or an officer in accordance with the scheme of delegation.

The Council has an agreed Anti-Fraud and Corruption Policy and Strategy, Fraud Response Plan and Whistleblowing Policy. Details of how to report suspected fraud are included in the Council's Statement of Accounts and Annual Governance Statement. We reviewed these documents as part of our audit and confirmed they were consistent with our understanding of the Council's arrangements in place.

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures set out within the Council's Constitution. A review of The Finance Procedure Rules is undertaken annually as part of the update of the Council's Constitution. Control is based on regular management information, management supervision, and a structure of delegation and accountability. If there are fundamental failures in internal control these are subject to investigation.

VFM arrangements – Governance

Overall commentary on Governance- continued

Regulator reviews

We reviewed the regulatory reports issued in respect of the Council, including by OFSTED and the Care Quality Commission (CQC).

The CQC conducted an 'Area SEND inspection of the Trafford Local Area Partnership' in October 2023. The findings of inspection were published in October 2023 and concluded '*The local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND). The local area partnership must work jointly to make improvements.*'

The report highlights areas in which the partnership is effective but made recommendations for improvement. In response to the recommendations the Council has developed an action plan. We have reviewed the action plan and it includes a comprehensive list of actions against the recommendations in the report including timelines, responsible individuals, and defined success metrics. Progress is tracked through the Council's Children and Young People's Scrutiny Committee, with monthly updates.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to governance.

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 Improving Economy, Efficiency and Effectiveness

Performance management

The Corporate Plan describes the Council's vision and priorities for the Borough. It includes an overview of the strategies which provide the detail of what the Council will do and how it will work with communities and partners to deliver its ambitions for Trafford. The Corporate Plan 2021-2024 focusses on three overarching strategic priorities intended to help the Borough recover being 'Reducing health inequalities', 'Supporting people out of poverty' and 'Addressing our climate crisis'

Performance indicators to support the achievement of strategic priorities are identified and included in the Corporate Plan. The plan provides clarity about the specific tasks and performance indicators so staff know what they have to achieve and how they contribute to the overall aims of the Council.

There was regular reporting of performance against the indicators so that the CLT and Members had a good understanding of how the Council was performing. We have reviewed the annual performance report and a sample of the quarterly Corporate Plan reports and are satisfied these contain adequate detail to support performance management.

Arrangements for effective partnership working

The Council has a number of partnership and joint venture arrangements in place to support it in delivering services and achieving its priorities.

The Council is a partner in the Greater Manchester Integrated Care System. Through this system the Council works closely with local healthcare commissioners and providers to plan and operate local health and social care services. Following the formation of integrated care boards in 2022, the Council has continued to work constructively with the wider "system". The establishment of the Trafford Locality Board, chaired by the Leader of the Council, focuses on delivering the Trafford Locality plan.

The Council has a major strategic partnership with Amey. This has been in place since 2015 when the Council's grounds maintenance, highways and street lighting services, together with some professional services were transferred to Amey as part of the "One Trafford Partnership". The Council identified Key Performance Indicators for each of the areas within the contract, including minimum acceptable performance levels and target performance levels. Actual performance was monitored and reported on a regular basis in

2023/24. There are contractual mechanisms available to the Council to impose financial penalties where performance falls below acceptable levels and these were used in previous years.

The Council also has a strategic partnership with Trafford Leisure CIC for the provision of services from Council owned facilities. The Council remained committed to the service and agreed some significant investments in the facilities in line with its leisure strategy. The capital programme was updated and the programme of investment commenced.

The Council has three formal joint ventures in place to support regeneration activities. These include the redevelopment of the former Kelloggs headquarters site in line with the Civic Quarter Masterplan and the redevelopments of Stretford Mall and Stamford Quarter in line with the Town Centre Masterplan.

As part of its Asset Investment Strategy the Council has an investment portfolio of investment loans, equity investments and investment property. The Council's Asset Investment Strategy is linked to the Council's corporate plan and outlines the investment requirements needed for the Council to be able to make an investment. The investment strategy is reviewed and approved each year by Executive and Council as part of the budget setting process.

The Investment Management Board is the Council's board that sets the strategic direction and has oversight of the investment strategy. Their responsibilities include the approval of the investment strategy and investment opportunities, performance monitoring, and risk management. This process is supported by an independent external advisor who provide advice on each investment decision and monitoring reports on performance.

The Council has put in place a clear governance framework for overseeing these arrangements. This includes risk and performance management so the Council can be actively engaged in decisions on a timely basis.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness- continued

Arrangements for commissioning services

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.

The Council has a well-developed Procurement Strategy and approach which ensures that it complies with all legal and regulatory requirements as well as achieving best value in procurement processes. A Procurement Policy is in place which is available to all staff via the intranet.

The Council actively seeks partnerships with other local authorities in procurement activities and awards joint contracts where appropriate. The Council is a member of STAR Procurement which is a shared procurement service with Rochdale, Tameside, Stockport, St Helens and Knowsley Councils. STAR reported back to the Council on a regular basis and we have seen evidence that this approach is delivering financial savings and social value requirements.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

07

Confirmation of our independence

Confirmation of our independence

We are committed to independence and confirm that we comply with the FRC's Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

Prior to the provision of any non-audit services, Alastair Newall will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

There is one matter to report to the Committee. Through our internal annual declarations process we became aware that one of our employees was a governor at a community school in the Borough. In our view this is a technical breach of the FRC's ethical standards. We have confirmed the employee is not within the audit service, and has had no involvement in the audit of the Council. Consequently, no safeguards have been necessary to mitigate the inherent independence risks. Nonetheless, to ensure strict compliance with the ethical standards the employee will be resigning as a school governor. If you have any questions regarding independence matters please contact the Key Audit Partner, Alastair Newall.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Key Communication points

Appendix A: Draft management representation letter

Dear Alastair,

Trafford Metropolitan Borough Council - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Trafford Metropolitan Borough Council the Council and Group for the year ended 31 March 2024. I note that you intend to issue a disclaimer of opinion in respect of your audit. I understand I am still required to provide the representations set out in this letter so you can complete your audit in accordance with relevant auditing standards.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Appendix A: Draft management representation letter

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at current and fair value

I confirm that the methods, significant assumptions and the data used by the Council and Group in making the accounting estimates, including those measured at current and fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

Council and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Appendix A: Draft management representation letter

Fraud and error

I acknowledge my responsibility as s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Council and Group's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Council and Group's has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Appendix A: Draft management representation letter

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2023/24 in relation to the Council and Group's service concession arrangements that you have not been made aware of.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and Group, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 8 to the financial statements fairly reflects that assessment

Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 8 to the financial statements fairly reflects that assessment.

Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Appendix A: Draft management representation letter

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council Group's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council and Group's financial and operating performance over the period covered by the financial statements.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Signature

Date

Yours faithfully,
Graeme Bentley
s151 officer

Appendix B: Draft audit report

Independent auditor's report to the members of Trafford Metropolitan Borough Council

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Trafford Metropolitan Borough Council ("the Council") and its subsidiaries ("the Group") for the year ended 31 March 2024, which comprise the Council and Group Comprehensive Income and Expenditure Statement, the Council and Group Balance Sheet, the Council and Group Movement in Reserves Statement, the Council and Group Cash Flow Statement, the Collection Fund, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

Responsibilities of the Director of Finance and Systems for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance and Systems is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director of Finance and Systems is also responsible for such internal control as the Director of Finance and Systems determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Appendix B: Draft audit report

The Director of Finance and Systems is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance and Systems is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's and Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council's arrangements for the year ended 31 March 2024.

Appendix B: Draft audit report

In November 2024 we identified a significant weakness in relation to financial sustainability for the 2022/2023 year. In our view this significant weakness remains for the year ended 31 March 2024:

Significant weakness in arrangements – issued in a previous year	Recommendation
<p>The Council has not identified savings and income generation plans to address the underlying deficit within its budget and has relied on the unsustainable use of reserves to balance the budget.</p> <p>This is evidence of a significant weakness in the Council's arrangements for financial sustainability.</p>	<p>The Council should develop sustainable financial plans to ensure services can be provided within available resources.</p>

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Appendix B: Draft audit report

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Use of the audit report

This report is made solely to the members of Trafford Metropolitan Borough Council as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.

[Signature]

Alastair Newall, Key Audit Partner
For and on behalf of Forvis Mazars LLP

Appendix C: Key communication points

We value communication with The Audit and Accounts committee as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy and Completion Report; and
- Our Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate. We have taken the decision to report to you all of the matters which we would usually report in our Audit Strategy Memorandum and Audit Completion Report, within this single Audit Strategy and Completion Report given the nature of the backstop arrangements and the impact upon our audit.

Key communication points at the planning and completion stage of our audit communicated our Audit Strategy and Completion Report

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit and the effects of the backstop arrangements;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements;
- Fees for audit and other services.
- Significant deficiencies in internal control;

- Significant findings from the audit including any significant matters discussed with management and significant difficulties, if any, encountered during the audit;
- Summary of misstatements and other corrections made to the draft financial statements;
- Management representation letter; and
- Our proposed draft audit report.

Contact

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