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ASSOCIATION OF  
GREATER MANCHESTER  
AUTHORITIES.

**STATEMENT OF ACCOUNTS**  
**2009/10**

# CONTENTS

	Page
Foreword by the Treasurer	1 - 3
Statement of Accounting Policies	4 - 5
Statement of Responsibilities	6
 Core Financial Statements	
Income and Expenditure Account	7
Statement of Movements on the General Fund Balance	8
Statement of Total Recognised Gains and Losses	8
Balance Sheet	9
Cash Flow Statement	10
 Notes to the Core Financial Statements	11 - 13
Annual Governance Statement	14 – 16
Audit Certificate and Opinion	17 – 19
Glossary	20
Terms of Reference	21
Contacts	22
Feedback Questionnaire	23 - 24

# FOREWORD by the Service Director Corporate Services

## Introduction

I am pleased to introduce the Association of Greater Manchester Authorities (AGMA) Statement of Accounts. The Statement of Accounts sets out the financial results of the Association's activities for the year ended 31<sup>st</sup> March 2010. The accounts have been prepared in accordance with the requirements of the Statement of Recommended Practice (SORP) for 2009 and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This foreword provides an overview of the significant financial matters in the accounts for 2009/10.

The Association sets general policies for carrying out certain region-wide functions. These either arose from the requirements of the 1985 Act (which was with particular reference to Section 48 grants) or from creating central units, under a Lead District, to carry out more efficient provision of certain services on a continuing regional basis.

The Association, through its Executive Board, approves the budget for these functions and determines policy. The units produce a year end report for the Board in support of their final accounts.

The Statement of Accounts forms part of the Associations financial reporting arrangements, however it is necessary, in reading this statement of accounts to appreciate that whilst it has been prepared in line with accounting requirements its information does not relate, in operational practice, to the way AGMA Units are managed. Each AGMA function is managed separately within its own authority on behalf of the AGMA partnership.

## AGMA

AGMA was formed after the abolition of the Greater Manchester Council in 1986. The 1985 Local Government Act devolved power to local areas but also recognised that there were some functions that needed to be co-ordinated at a metropolitan level. AGMA was formed to undertake these functions.

The Association is a partnership between the ten local authorities within the Greater Manchester area. These ten authorities co-operate on a number of issues, both statutory and non-statutory, where there is the possibility of improving service delivery by working together. To further increase partnership working, AGMA invited unitary local authorities from the surrounding areas to join AGMA as associate members. Blackburn with Darwen, Blackpool and Warrington Councils responded positively to this invitation with Cheshire East Council joining this year. AGMA Associate Members also include Greater Manchester Fire and Rescue Service, Greater Manchester Integrated Transport Authority, Greater Manchester Police Authority and Greater Manchester Waste Disposal Authority.

AGMA is not a legal entity and does not own any assets, can not enter into any contractual arrangements or employ any staff. Where this is necessary this role is taken on by one of the above authorities on behalf of all 10.

## FOREWORD by the Service Director Corporate Services (Cont.)

AGMA revised its constitution in August 2008. The constitution enables AGMA to operate – in legal terms - as a Joint Committee under the powers of sections 101 & 102 of the 1972 Local Government Act.

The main principles behind that constitution - and AGMA's operation - are that:-

- it is not a separate local authority. The 10 authorities in AGMA are committed to retaining the existing structure of metropolitan districts within Greater Manchester.
- nothing in the constitution should be interpreted as an attempt to fetter or restrict in any way the exercise by any of the 10 local authorities within AGMA of their statutory functions.

However both AGMA and its constitution are necessary in order :

- to enable the leaders (as the Executive Board) to set up Commissions to be responsible for Policy Development.
- to have Joint Boards as associate members.
- to formally confirm the principle of working by agreement, but sets out voting procedures if agreement cannot be reached.
- to set out principle of political balance across appointments.
- to establish for the first time a formal system of scrutiny and call in for decisions taken within AGMA and a duty on Leaders to be accountable for their “AGMA” decisions within their own authority.
- to provide a framework for AGMA's operation which shows both a readiness to manage strategic development and financial resources delegated from either a national or regional level.
- to underpin our common goal of Greater Manchester becoming a world-class city region at the heart of a thriving and competitive North; and
- to link the functions and work done at a strategic sub regional level into a system of democratic accountability.

### AGMA Units

AGMA funds a number of units and functions, which have been created under a mix of statutory regulation and partnership agreements. Many of these developed from the dissolution of Greater Manchester County Council, and are bound by the AGMA Constitution, signed up to by AGMA member authorities. These cover a range of functions where joint provision benefits the ten local authorities and are based in various locations across Greater Manchester. The units include:

- Section 48 Grants
- County Records Office
- Industrial Estates / Dilapidation Fund
- Urban Traffic Control
- Transportation Modelling Unit
- Abnormal Load Routing
- Specialist Trading Standards Unit
- Policy Unit

More information on the work of the units is available on the AGMA website [www.agma.gov.uk](http://www.agma.gov.uk)

## **FOREWORD by the Service Director Corporate Services (Cont.)**

### **AGMA Commissions**

The Commissions were set up to look at different areas of work across the region such as Health, Environment, Improvement and Efficiencies, Planning, Housing and Public Protection. They are funded from contributions from AGMA authorities to the Sub Regional Capacity, specific projects and external funding such as NWIEP (North West Improvement and Efficiency Partnership). The Executive sets the programme of work for each commission and they report back on a regular basis.

### **Revenue Expenditure in 2009/10**

The net spending on the income and expenditure account is financed from contributions made by the constituent Councils to the Association's individual Units and other miscellaneous income received by the Units. During the year the Units produced a surplus of £605,169 which when added to the surplus brought forward at the 1<sup>st</sup> April 2009 provides an accumulated surplus of £2,291,700 carried forward at 31<sup>st</sup> March 2010. A significant proportion of this is committed and will be carried forward to be spent in future years.

### **Capital Expenditure in 2009/10**

There is no Capital Expenditure made by the Association. The Association owns no assets because these are held by the constituent Councils and are contained within the balance sheets of the Lead Districts.

### **The Greater Manchester Combined Authority**

All 10 Greater Manchester local authorities and Greater Manchester Integrated Transport Authority have agreed to submit a scheme to the Government for the creation of a new authority. The Greater Manchester Combined Authority would be established to co-ordinate transport, regeneration and economic development functions and to oversee the performance of the new devolved powers in the Pilot City Region agreement which was signed last December by the AGMA Leaders and the Regional Minister.

Under the new arrangements a Joint Committee would be established to assume responsibility for delivering transport across the Manchester City Region. The creation of the combined authority would see a real and significant transfer of powers from central government to the City Region. Transport powers, for example, would be similar to those wielded by Transport for London.

### **Concluding Remarks**

I wish to draw your attention to the statement which shows the responsibilities of the Association and the Treasurer for the Accounts. The statement sets out the requirements of the legislation together with my professional and legal responsibilities for the accounts. I have relied where necessary on the assurances received from the s151 Financial Officers of the Lead Districts in respect of the financial transactions relating to the Units for which they are responsible.

Paul McKevitt BA (Hons), ACMA  
Service Director Corporate Services – Business Support Services

# STATEMENT OF ACCOUNTING POLICIES

## General Principles

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2009 (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

The Statement of Accounts are prepared in accordance with the fundamental accounting principles relating to the qualitative characteristics of financial information as set out in the CIPFA code of practice; relevance, reliability, comparability, comprehensibility and materiality.

The accounts are also prepared in accordance with the three pervasive accounting concepts as defined by the Code of Practice;

### 1. Accruals

The financial statements, other than cash flow information, are prepared on an accruals basis. The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

### 2. Going Concern

The Statement of Accounts is prepared on a going concern basis, that is, the accounts are prepared on the assumption that the organisation will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure account and balance sheet assume no intention to curtail significantly the scale of operation.

### 3. Primacy of Legislative Requirements

Local Authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by law the accounting concepts outlined above may not apply in all cases. It is a fundamental principle of the CIPFA code of practice that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

Specific reference can be made to the statements of accounting policies contained within the Annual Accounts of the relevant Lead District.

## Capital Assets

The Association does not own any assets. All assets are held by the constituent councils and are held in the balance sheets of those councils.

## Cash

The cash balance shown on the balance sheet represents cash held by individual Greater Manchester Authorities on behalf of AGMA as at 31<sup>st</sup> March 2010.

## STATEMENT OF ACCOUNTING POLICIES (Cont.)

### **Cost of Support Services**

The various District Treasurers have agreed common principles in the calculation of central support costs provided to lead district functions. These principles are based on CIPFA recommended practice and incorporate full cost allocation.

### **Debtors and Creditors**

The accounts of the Association are maintained on an accruals basis which means that amounts due to the Association or amounts owed by the Association are included, whether or not the cash has actually been received or paid in the year.

### **Government Grants and Contributions**

Grants are allocated to the revenue accounts of the Units and are matched by the service expenditure to which they relate. Grants and contributions are accounted for on an accruals basis; that is they are recognised as income at the date that the Association satisfies the conditions of entitlement to the grant / contribution, providing that there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred.

### **Reserves**

AGMA sets aside specific amounts as reserves for future policy purposes or to cover contingencies. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account.

### **VAT**

The Association is not separately registered and all VAT transactions are through the accounts of the constituent councils. Income and expenditure excludes any amounts related to VAT, as all VAT is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

### **Work in Progress, Stocks and Stores**

Work in progress, slower moving and obsolete stocks and stores are included in the accounts at the lower of cost or net realisable value. For higher turnover, values are recorded at either average price or latest invoice price.

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## **The Association's Responsibilities**

The Association's requirements are laid down in Clause 39 of the AGMA Constitution dated 29<sup>th</sup> September 2000. These make arrangements for the proper financial administration of its financial affairs and to secure that one of its officers from one of the constituent councils has responsibility for the administration of those affairs. In this Association that officer is the Treasurer.

## **The Treasurer's Responsibilities**

The Treasurer is responsible for the administration of the Association's financial affairs. This includes the preparation of the Association's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the code of practice;
- kept proper up to date accounting records;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- certified and dated the Statement of Accounts, to the effect that it represents a true and fair view of the financial position of the Association at the accounting date and its income and expenditure for the year ended 31st March 2010.

I certify that the Responsibilities for the Statement represents a true and fair view of the financial position of AGMA.

Paul McKeivitt BA (Hons), ACMA  
Service Director Corporate Services – Business Support Services

Chair of Meeting  
26/11/2010



## INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

This Income and Expenditure Account summaries the resources that have been generated and consumed in providing services and managing the Association during the last year. It includes all the day-to-day expenses and related income on an accruals basis.

2008/09 Net Expenditure £		Notes	2009/10 Gross Expenditure £	2009/10 Income £	2009/10 Net Expenditure £
	<b>Expenditure on Services</b>				
-6,845	Urban Traffic Control		5,916,099	5,906,225	9,874
28,898	Section 48 Grants		3,719,715	3,716,450	3,265
-153,994	Transportation Modelling Unit		4,946,945	4,819,893	127,052
-10,808	County Records Office		361,965	368,638	-6,673
116,077	Industrial Estates / Dilapidation Fund		127,601	0	127,601
-3,999	Specialist Trading Standards Unit		137,803	125,188	12,615
0	Abnormal Load Routing		40,500	40,500	0
35,771	Policy and Research		1,597,509	1,552,020	45,489
593,544	AGMA Projects		2,457,362	2,902,979	-445,617
-701,606	Improvement & Efficiency Programme Office		452,643	650,910	-198,267
0	Sub Regional Capacity		1,407,309	1,684,552	-277,243
<b>-102,962</b>	<b>Net Cost of Services</b>	<b>2</b>	<b>21,165,451</b>	<b>21,767,355</b>	<b>-601,904</b>
	<b>Other Operating Income and Expenditure</b>				
-23,664	Interest Section 48 Grants			-3,265	-3,265
<b>-126,626</b>	<b>Net Income and Expenditure Account Surplus (-) / Deficit (+) For the Year</b>				<b>-605,169</b>

I certify that the Income & Expenditure Account and related accounts present a true and fair view of the financial position of the Association of Greater Manchester Authorities.

Paul McKevitt BA (Hons), ACMA  
Service Director Corporate Services – Business Support Services

26/11/2010

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE 2009/10

The Income and Expenditure Account shows the Association's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months.

The General Fund Balance compares the Association's spending against the budget it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The statement summarises the differences between the outturn on the Income and Expenditure Account to General Fund Balances.

2008/09 £'000		Notes	2009/10 £'000
-126,626	Surplus (-) / Deficit for the year on the Income and Expenditure Account	3	-605,169
0	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year		0
-126,626	Decrease in General Fund Balance for the year		-605,169
-1,559,905	General Fund Balance brought forward		-1,686,531
<b>-1,686,531</b>	<b>General Fund Balance carried forward</b>		<b>-2,291,700</b>
<b>-1,686,531</b>	<b>Amount to General Fund Balance generally available for new expenditure</b>		<b>-2,291,700</b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 2009/10

This statement brings together all the gains and losses of the Association for the year and shows the aggregate increase in its net worth.

2008/09 £'000		Notes	2009/10 £'000
-126,626	Surplus (-) / Deficit for the year on the Income and Expenditure Account		-605,169
0	Other gains and losses		0
<b>-126,626</b>	<b>Total recognised gain for the year</b>		<b>-605,169</b>

## BALANCE SHEET AS AT 31 MARCH 2010

31.03.09 £		Notes	31.03.10 £	31.03.10 £
	<b>Current Assets</b>			
295,901	Stocks		284,506	
4,758,121	Debtors and Payments in Advance	4	3,170,476	
50	Petty Cash		50	
1,226,657	Cash in hand		3,066,983	
<b>6,280,729</b>				<b>6,522,015</b>
	<b>Current Liabilities</b>			
1,632,976	Creditors and Receipts in Advance	5		3,375,964
2,961,222	Cash Overdrawn			854,351
<b>4,594,198</b>				<b>4,230,315</b>
<b>1,686,531</b>	<b>Total Assets Less Current Liabilities</b>			<b>2,291,700</b>
<b>1,686,531</b>	<b>Total Assets Less Liabilities</b>			<b>2,291,700</b>
	<b>Financed By</b>			
1,686,531	General Balances	6		2,291,700
<b>1,686,531</b>	<b>Total Net Worth</b>			<b>2,291,700</b>

I certify that the Balance Sheet and related accounts present a true and fair view of the financial position of the Association of Greater Manchester Authorities at 31 March 2010.

Paul McKeivitt BA (Hons), ACMA  
Service Director Corporate Services – Business Support Services

26/11/2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

2008/09 £		Notes	2009/10 £	2009/10 £
	<b>REVENUE ACTIVITIES</b>			
	<b>Cash Outflows</b>			
3,918,807	Cash Paid to and on Behalf of Employees		4,564,552	
17,028,190	Other Operating Cash Payments		13,258,871	
20,946,997				17,823,423
	<b>Cash Inflows</b>			
-18,722,246	Cash Received for Goods and Services			-21,767,355
<b>2,224,751</b>	<b>Net Cash Flow from Revenue Activities</b>	<b>7</b>		<b>-3,943,932</b>
	<b>SERVICING OF FINANCE</b>			
	<b>Cash Inflows</b>			
-23,664	Interest Received			-3,265
<b>2,201,087</b>	<b>Net Decrease / Increase (-) in Cash</b>			<b>-3,947,197</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. Prior Period Adjustments

- **Department of Transport Grant**

The Transportation Unit received a grant payment of £752,582 for Congestion Performance Funding in 2009/10. This income related to 2008/09 and should have been recognised in the 2008/09 accounts and a debtor provision created. These monies were to be paid over to a number of the Greater Manchester Local Authorities and as such a liability should also have been recognised in the accounts. The amendments are listed below;

- There is no impact on the Income & Expenditure Account.
- The Balance Sheet has been amended to reflect the increase in both the debtors and creditors provisions.
- The cashflow has been adjusted accordingly.
- The associated notes have also been amended.

- **NWIEP Grant**

NWIEP Collaborative Efficiency Plan Grant of £313,938 was received by the Programme Office in 2009/10 but related to expenditure incurred in 2008/09. The income should have been recognised in the 2008/09 accounts and a debtor provision created. This changes the outturn position for 2008/09.

- The Income and Expenditure Account, Statement of Movement on General Fund Balance, Statement of Total Recognised Gains and Losses have been amended to reflect the income in 2008/09.
- The Balance sheet has been amended to reflect the increase in debtors for 2008/09.
- The cashflow has been adjusted accordingly.
- The associated notes have also been amended.

## 2. Pension Costs

All liabilities are the responsibility of the constituent councils and have adopted the principles of FRS 17 which requires Councils to account for retirement benefits when they are committed to paying those benefits rather than the actual date of giving benefit.

## 3. Balances

The total balances of £2,291,700 held by the individual units are retained by the constituent councils and are earmarked for revenue support in future years. A significant proportion of this relates to specific projects, which the Policy Unit manages or acts as coordinator for, either by Chief Executives or the AGMA Executive. It relates primarily to projects around Shared Services Procurement and Capacity Building funded from the North West Improvement Network (NWIN) and, more latterly, the North West Improvement Efficiency Partnership (NWIEP). The Programme Office and Sub Regional Capacity balances are committed to support future revenue expenditure. A contingency fund of £273,061 was also created in 2009/10 to fund commission work and budget pressures facing the AGMA functions.

## NOTES TO THE CORE FINANCIAL STATEMENTS (Cont.)

### 4. Debtors and Payments in Advance

31.03.09 £		31.03.10 £
3,680,349	Local Authorities	2,219,682
313,938	Grants	0
763,834	General	950,794
<b>4,758,121</b>	<b>Total</b>	<b>3,170,476</b>

### 5. Creditors and Receipts in Advance

31.03.09 £		31.03.10 £
226,689	Local Authorities	2,155,317
1,119,603	Grants	381,248
286,684	General	839,399
<b>1,632,976</b>	<b>Total</b>	<b>3,375,964</b>

### 6. General Balances

	Balance B/Fwd 31.03.09 £	Increase (+ve) £	Decrease (-ve) £	Balance C/Fwd 31.03.10 £
Section 48 Grants	24,724	-	-	24,724
County Records Office	-4,408	6,673	-	2,265
Industrial Estates / Dilapidation Fund	380,378	137,939	-265,540	252,777
Urban Traffic Control	12,846	-	-9,874	2,972
Transportation Modelling Unit	261,241	-	-127,052	134,189
Abnormal Load Routing	0	-	-	0
Specialist Trading Standards Unit	12,615	-	-12,615	0
Policy & Research Unit	262,113	34,306	-131,080	165,339
AGMA Projects	-42,088	376,345	-75,000	259,257
Contingency Fund	0	273,061	-	273,061
Contingency Planning	77,504	-	-77,504	0
Sub Regional Capacity	0	277,243	-	277,243
Programme Office – Improvement & Efficiency	701,606	198,267	-	899,873
<b>Totals</b>	<b>1,686,531</b>	<b>1,303,834</b>	<b>-698,665</b>	<b>2,291,700</b>

This represents the accumulated surpluses and deficits carried forward in line with agreed practice.

## NOTES TO THE CORE FINANCIAL STATEMENTS (Cont.)

### 7. Revenue Activities

The net cash flow can be reconciled to the Income and Expenditure Account as follows:

2008/09 £		2009/10 £
-126,626	<b>Deficit / Surplus (-) for the year</b>	-605,169
23,664	Interest Received	3,265
	<b>Items on Accruals Basis</b>	
-257,307	Stocks	-11,395
2,990,105	Debtors / Payments in Advance	-1,587,645
-405,085	Creditors / Receipts in Advance	-1,742,988
<b>2,224,751</b>	<b>Revenue Activities Net Cash Flow</b>	<b>-3,943,932</b>

### 8. Movement in Cash

This statement identifies the items making up the changes in cash shown on the Cash Flow Statement.

2008/09 £		2009/10 £
466,572	Bank Balance and Cash in Hand at 1 April	-1,734,515
-2,201,087	Movements in Year	3,947,197
<b>-1,734,515</b>	<b>Bank Balance and Cash in Hand at 31 March</b>	<b>2,212,682</b>

# ANNUAL GOVERNANCE STATEMENT

## Scope of Responsibility

### **Introduction / Background to the Annual Governance Statement**

AGMA (the Association of Greater Manchester Authorities) is a partnership of ten local authorities which is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The purpose of the Annual Governance Statement is to demonstrate and evidence that there is a continuous review of the effectiveness of internal control, performance, and risk management systems.

The Accounts and Audit Regulations 2003 introduced a new regulation in relation to bodies' responsibility for financial management in that Authorities were required to conduct an annual review of the effectiveness of its system of internal control and publish a Statement on Internal Control with their Annual Statement of Accounts.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of AGMA policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently, and effectively.

### **The Internal Control Environment and Review of Effectiveness**

Wigan Council's Executive Director of Business Support Services is Treasurer to AGMA. To date the systems of internal control have used the systems that exist within Wigan Council, supplemented by those of the supervising Councils for each of the units.

Due to the basis on which they have been established, the units/functions tend, in effect, to operate as separate business/expenditure units within each of the AGMA Districts that have lead responsibility for them. Their accounts are managed by each individual authority in accordance with that own authority's constitution, code of practice and standing orders.

Reporting arrangements are in place which requires units to produce quarterly monitoring statements which are reported to the AGMA Executive. Details of all the various AGMA Units, Lead Authorities are highlighted below.

Statutory Functions Committee:

- Section 48 Grants – Manchester



## ANNUAL GOVERNANCE STATEMENT (Cont.)

The AGMA Executive:

- Transportation Unit – Manchester
- Urban Traffic Control Unit – Manchester
- Abnormal Loads Routing – Manchester
- County Records Office – Manchester
- Specialist Trading Standards Unit – Manchester
- Industrial Estates – Bolton
- AGMA Policy Unit - Wigan

The following Units operate within individual Service Level Agreements negotiated with AGMA districts and are not reported on.

- Ecology Unit – Tameside
- Archaeology Unit – Manchester University
- Geology Unit – Salford

As AGMA is not a legal body officers who “work for AGMA” are legally employees of whichever lead authority is responsible for pay and conditions for the individual AGMA Units. AGMA therefore operates via a constitution and binding agreements which tie the authorities in to AGMA and are required to give at least 12 months notice of withdrawing.

As mentioned in the foreword the AGMA adopted a revised new constitution in August 2008. The diagram on the following page outlines the new governance structure in place.

The full Annual Governance Statement for each of the three districts of Wigan, Manchester, and Bolton can be found within their Statement of Accounts.

### Wigan

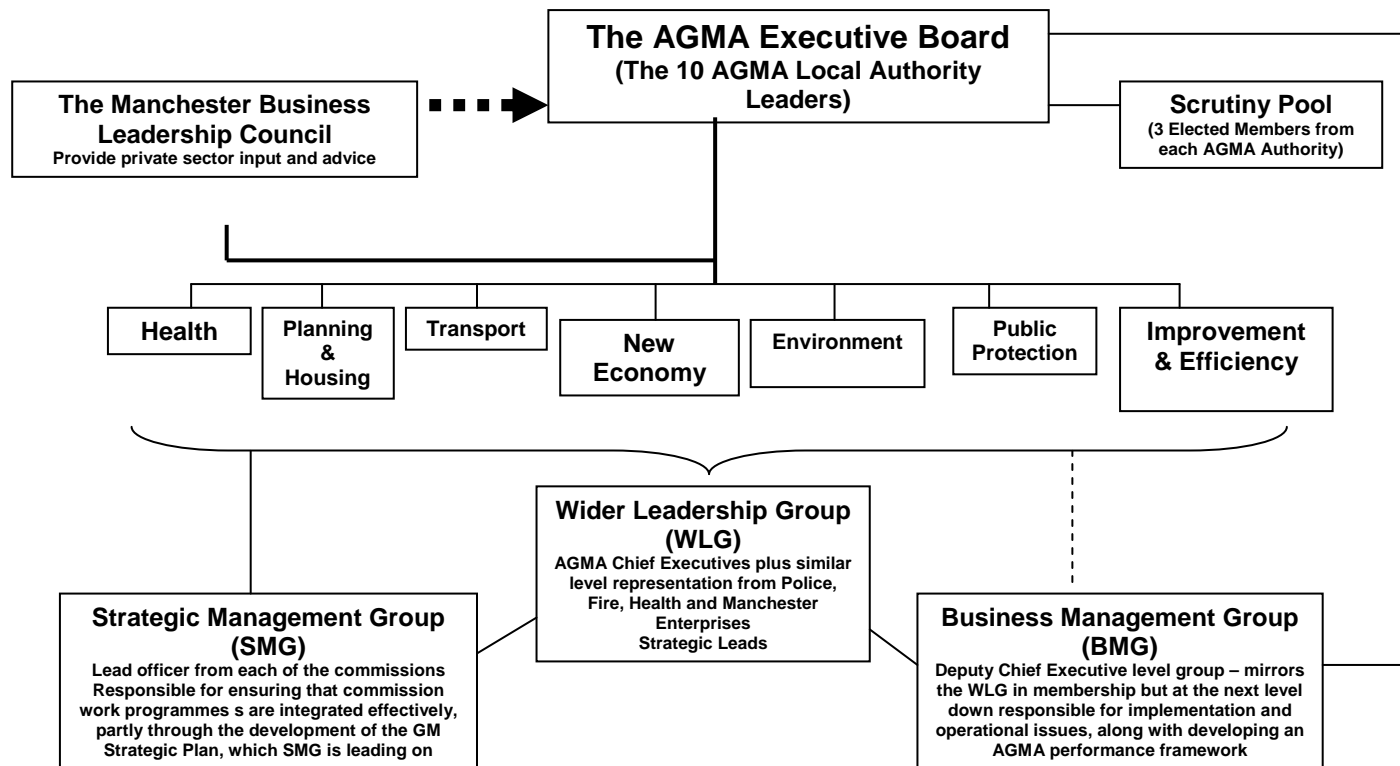
[www.wigan.gov.uk/NR/rdonlyres/3A62BACD-77E3-4C7C-8499-A09CD7D6E05A/0/0910dGovernanceandAudit.pdf](http://www.wigan.gov.uk/NR/rdonlyres/3A62BACD-77E3-4C7C-8499-A09CD7D6E05A/0/0910dGovernanceandAudit.pdf)

### Manchester

[www.manchester.gov.uk/downloads/download/3952/annual\\_statement\\_of\\_accounts\\_2009-10\\_subject\\_to\\_audit](http://www.manchester.gov.uk/downloads/download/3952/annual_statement_of_accounts_2009-10_subject_to_audit)

### Bolton

<http://www.bolton.gov.uk/website/Pages/Annualaccounts.aspx>



# Independent auditor's report to the Members of the Association of Greater Manchester Authorities

## Opinion on the financial statements

I have audited the Joint Committee's accounting statements and related notes of the Association of Greater Manchester Authorities for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Joint Committee Income and Expenditure Account, the Joint Committee Statement of Movement on the General Fund Balance, the Joint Committee Balance Sheet, the Joint Committee Statement of Total Recognised Gains and Losses, the Joint Committee Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the Association of Greater Manchester Authorities in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

## Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Joint Committee accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: the financial position of the Joint Committee and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Joint Committee's corporate governance procedures or its risk and control procedures.

I read other information published with the Joint Committee accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Joint Committee accounting statements. My responsibilities do not extend to any other information.

# Independent auditor's report to the Members of the Association of Greater Manchester Authorities (cont.)

## Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Joint Committee accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Joint Committee in the preparation of the Joint Committee accounting statements and related notes, and of whether the accounting policies are appropriate to the Joint Committee's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Joint Committee accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Joint Committee accounting statements and related notes.

## Opinion

In my opinion the Joint Committee financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, a Statement of Recommended Practice of the financial position of the Joint Committee as at 31 March 2010 and its income and expenditure for the year then ended.

## Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

### Joint Committee's Responsibilities

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

### Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Joint Committee for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Joint Committee has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Joint Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

# Independent auditor's report to the Members of the Association of Greater Manchester Authorities (cont.)

## Qualified Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In so doing, I identified the following:

- the Joint Committee did not meet the regulatory timetable to produce and approve draft financial statements before 30 June immediately following the end of year; and
- the draft statement of accounts presented for audit contained two material errors.

Having regard to the criteria for other local government bodies specified by the Audit Commission and published in May 2008, and the supporting guidance, I am satisfied that, in all significant respects, Association of Greater Manchester Authorities made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010 except that it was not making effective use of financial reporting.

## Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Heap  
District Auditor

Audit Commission  
2nd Floor  
Aspinall House  
Aspinall Close  
Middlebrook  
Bolton  
BL6 6QQ

26 November 2010

## GLOSSARY

### **Accruals**

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Agency Arrangements**

Services performed by or for another authority or public body, where the agent is reimbursed for the cost of work done.

### **Budget**

A statement detailing the associations plans for net revenue expenditure over a specified period of time.

### **Corporate Governance**

This is concerned with the Association's accountability for the stewardship of resources, risk management and the relationship with the community. Each authority's is responsible for its own corporate governance.

### **Creditors**

Amounts owed by the AGMA functions for work done, goods received or services rendered but for which payment has not been made at the balance sheet date.

### **Debtors**

Sums of money due to the AGMA functions but unpaid at the balance sheet date

### **Lead Districts**

Each AGMA unit is administered by a member authority – known as the “Lead Authority / District”.

### **Payments in Advance**

Sums paid in advance of the period to which they relate.

### **Receipts in Advance**

Sums received in advance of the period in which they are to be applied.

### **Reserves**

A reserve is an amount set-aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

## TERMS OF REFERENCE

### **Regulatory Bodies, Other Bodies and Regulatory Framework**

#### **Audit Commission**

Independent body with the responsibility of appointing external auditors to local authorities. The Audit Commission has a duty to ensure that local authorities make sufficient arrangements to secure economy, efficiency, and effectiveness in their use of resources and is able to subject a local authority to “Value for Money” studies.

<http://www.audit-commission.gov.uk/>

#### **CIPFA (Chartered Institute of Public Finance and Accountancy)**

The leading professional body for public sector accounting which sets accounting standards for the public sector. CIPFA advises central government and other bodies on local government and public sector finance matters.

<http://www.cipfa.org.uk/>

#### **Code of Practice on Local Government Accounting in the United Kingdom 2009: A Statement of Recommended Practice (SoRP)**

Detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

#### **Financial Reporting standards (FRS's)**

These statements prescribe the methods by which all published accounts should be prepared and presented and compliance is mandatory; any departure must be clearly disclosed within the published accounts. The SoRP incorporates these accounting standards to the extent that they comply with specific legal requirements and are relevant to the activities of the local authority.

#### **Local Authority (Scotland) Accounts Advisory Committee (LASAAC)**

Often working as a joint committee with CIPFA, LASAAC aims to develop and promote proper accounting practice for Local Government in Scotland and contributes to the formal approval process for the SORP and BVACOP.

<http://www.cipfa.org.uk/scotland/technical/lasaac.cfm>

#### **North West Improvement Network (NWIN)**

NWIN stands for the North West improvement Network and is a collaborative partnership to enable local government in the North West to better serve our communities by building capacity through “Learning and Sharing” Together. Funding supports a variety of programmes across the region.

#### **North West Improvement and Efficiency Partnership (NWIEP)**

NWIEP is a new partnership formed from the merging of the North West Centre of Excellence and the NWIN. The funding is being used to benefit all Local Authorities in the North West and Wigan is the accountable body.

# CONTACTS

## AGMA Member Authorities

### **Bolton MBC**

Town Hall  
Victoria Square  
Bolton  
BL1 1RU  
Tel: 01204 333333  
Web: [www.bolton.gov.uk](http://www.bolton.gov.uk)  
E-mail: [bolton@bolton.gov.uk](mailto:bolton@bolton.gov.uk)

### **Bury MBC**

Town Hall  
Knowsley Street  
Bury  
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### **Manchester City Council**

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### **Oldham MBC**

Civic Centre  
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### **Stockport MBC**

Town Hall  
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Web: [www.stockport.gov.uk](http://www.stockport.gov.uk)

### **Tameside MBC**

Council Offices  
Wellington Road  
Ashton-Under-Lyne  
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Tel: 0161 342 8355  
Web: [www.tameside.gov.uk](http://www.tameside.gov.uk)

### **Trafford MBC**

Town Hall  
Talbot Road  
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E-mail: [access.trafford@trafford.gov.uk](mailto:access.trafford@trafford.gov.uk)

### **Wigan MBC**

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Library Street  
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Tel: 01942 244991  
Web: [www.wigan.gov.uk](http://www.wigan.gov.uk)

### **Salford City Council**

Civic Centre  
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E-mail: [customer.services@salford.gov.uk](mailto:customer.services@salford.gov.uk)

### **Rochdale MBC**

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Web: [www.rochdale.gov.uk](http://www.rochdale.gov.uk)  
E-mail: [council@rochdale.gov.uk](mailto:council@rochdale.gov.uk)



## 2009/10 STATEMENT OF ACCOUNTS FEEDBACK QUESTIONNAIRE

Having read the 2009/10 Statement of Accounts for AGMA we would be extremely grateful if you could spare a few moments to complete and return our Feedback Questionnaire.

Your views would be valuable in assisting us to improve the content, language and format used in the 2010/11 Statement of Accounts.

(Please tick the appropriate box and place any comments on the dotted lines provided below)

1. Did you find the information contained within the Statement of Accounts easy to understand?

Yes ☐ No ☐

If No, please state why:

.....

2. Was there a sufficient level of information to allow you the user to assess the financial performance of the Association?

Yes ☐ No ☐

If No, please state why:

.....

3. Did you find that the financial information contained was presented in a clear and easy to understand format?

Yes ☐ No ☐

If No, please state why:

.....

4. Did you find the notes to the accounts added value to the financial statements?

Yes ☐ No ☐

If No, please state why:

.....

***Please turn over the page***

## 2009/10 STATEMENT OF ACCOUNTS FEEDBACK QUESTIONNAIRE (cont.)

5. Overall, has the Statement of Accounts been of value in helping you to assess the Association's financial position and performance?

Yes ☐ No ☐

**If No, please state why:**

.....

7. Do you think there is anything that should be added to the Statement of Accounts to provide you the user with a more complete view of the financial position and performance of AGMA?

Yes ☐ No ☐

**If Yes, please state what:**

.....

8. Please state below any further comments or suggested improvements you may have regarding the Statement of Accounts?

.....

9. Which of the following best describes you?

An employee or elected member of the authority ☐

A member of the public ☐

A member of another organisation/interested party ☐

**Thank you for taking the time to complete this questionnaire**

Please return the completed feedback questionnaire to:  
John McDonald, Wigan Council, Business Support Services, Civic Centre, Millgate, Wigan,  
WN1 1DD  
If you require any further information please do not hesitate to contact us on 01942 827321