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Dear Members

Conclusion of pending matters– Audit completion report

Following on from the meeting of the Audit and Governance Committee on 24th July 2019 and as required by International Standards on Auditing (UK and Ireland), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit completion report dated 12 July 2019 and discussed at that meeting.

The outstanding matters and the conclusions reached are detailed below:

Matter	Conclusion reached
<p>Accounting treatment of cash position disclosed on the Balance Sheet</p>	<p>We reported to you in the Audit Completion Report that we were still to complete our assessment of the cash and bank arrangements for the Combined Authority (CA) and Merseytravel</p> <p>We discussed with management the accounting treatment of the intra cash holding of Merseytravel and the Combined Authority (CA) and the resultant cash and bank disclosure of a bank overdraft of £50.734m in the Merseytravel statement of accounts and a £89.805m cash balance for the CA in the financial statements submitted for audit.</p> <p>Management have now completed a review of the current and prior year accounting and determined that a change in accounting policy was required to accurately record actual accounting transactions.</p> <p>The impact of these changes have been applied both retrospectively and to the current year with detail set out within a new note 2 (a) to the Financial Statements. The amendments impact the primary financial statements and</p>

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	<p>associated notes to the statements. Set out at Appendix A is the main material.</p> <p>Furthermore, we have received the two bank confirmations that we reported as outstanding in our earlier Audit Completion Report.</p>
Pension Liability	<p>Management commissioned the Actuary to provide an updated estimate of the pension liability considering the impact of McCloud and GMP rulings and following receipt of the Actuary's report, the pension liability had increased by £0.2m. Based on an assessment of materiality Management decided not to amend the financial statements.</p> <p>We received the letter from Merseyside Pension Fund auditors that confirmed the programme of work undertaken and did not identify any issues or concerns.</p> <p>Our work in relation to this risk did not identify any significant issues</p>
Valuation of Property, Plant and Equipment	<p>We have now concluded our audit testing in relation to this risk and our work did not identify any significant issues.</p>
Income and Expenditure	<p>We completed our testing of income and expenditure transactions and did not identify any significant issues.</p>
Financial Instruments	<p>We completed our testing of Financial Instrument disclosures and did not identify any significant issues.</p>
Group Consolidation	<p>Our work on Group consolidation is now complete and we did not identify any issues.</p>

To finalise our audit we await the approval and signing of the Financial Statements and the supporting Management Representations Letter. On receipt of these items we expect to issue our audit opinion.

Yours faithfully,



Gareth Hitchmough (Oct 22, 2019)

Gareth Hitchmough
Partner