

## **GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE**

**DATE:** Wednesday, 15th November, 2023

**TIME:** 10.00 am

**VENUE:** The Tootal Buildings - Broadhurst House , 1st Floor, 56  
Oxford Street, Manchester, M1 6EU

### **AGENDA**

- 1. Apologies for Absence**
- 2. Chair's Announcements and Urgent Business (if any)**
- 3. Declarations of Interest** 1 - 4

To receive declarations of interest in any item for discussion at the meeting.

- 4. Minutes of the Previous Audit Committee Meeting** 5 - 24

To consider the approval of the minutes of the previous meeting of the Committee, held on 20<sup>th</sup> September 2023.

<b>BOLTON</b>	<b>MANCHESTER</b>	<b>ROCHDALE</b>	<b>STOCKPORT</b>	<b>TRAFFORD</b>
<b>BURY</b>	<b>OLDHAM</b>	<b>SALFORD</b>	<b>TAMESIDE</b>	<b>WIGAN</b>

**5. Update from the Joint Audit Panel (Police and Crime) 25 - 42**

To receive an update on the work of the Joint Audit Panel from the Joint Audit Panel Chair which includes:-

- a. the Joint Audit Panel Annual Report; and
- b. the draft minutes from the Joint Audit Panel meeting, held on 29<sup>th</sup> September 2023.

**6. Risk Deep Dive - Trailblazer and Single Settlement - To Follow**

To receive an update on the Trailblazer and Single Settlement.

**7. Internal Audit Progress Report 43 - 60**

Report of Deputy Director of Audit and Assurance.

**8. Internal Audit Action Follow up 61 - 72**

Report of Deputy Director of Audit and Assurance, GMCA.

**9. Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2023/24 73 - 94**

Report of the GMCA Treasurer.

**10. External Audit Progress Report 95 - 104**

Report of Mazars LLP, External Audit.

**11. Audit Committee Work Programme 105 - 120**

Members are asked to note and comment on the Committee work programme.

## **12. Dates and Times of Future Meetings**

To note that the next meeting of the Committee will take place on Wednesday 24<sup>th</sup> January 2024, commencing at 10:00 am.

## **13. Exclusion of the Press and Public**

Members are asked to consider that, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting for the following item of business on the grounds that this involved the likely disclosure of exempt information, as set out in paragraph 3 of Part 1, Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

14. **Update on HMICFRS Vetting Report (Ahead of an Internal Audit Review)** 3 121 - 144

For copies of papers and further information on this meeting please refer to the website [www.greatermanchester-ca.gov.uk](http://www.greatermanchester-ca.gov.uk). Alternatively, contact the following Governance & Scrutiny Officer: paul.harris@greatermanchester-ca.gov.uk

This agenda was issued on Tuesday 7<sup>th</sup> November 2023 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

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**AUDIT COMMITTEE – 15<sup>th</sup> November 2023**

Declaration of Member's Interests in items appearing on the Agenda

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

<b>Minute Item No. / Agenda Item No.</b>	<b>Nature of Interest</b>	<b>Type of Interest</b>
		<b>Personal / Prejudicial / Disclosable Pecuniary</b>
		<b>Personal / Prejudicial / Disclosable Pecuniary</b>
		<b>Personal / Prejudicial / Disclosable Pecuniary</b>
		<b>Personal / Prejudicial / Disclosable Pecuniary</b>
		<b>Personal / Prejudicial / Disclosable Pecuniary</b>
		<b>Personal / Prejudicial / Disclosable Pecuniary</b>

Please see overleaf for a quick guide to declaring interests at GMCA meetings.

## QUICK GUIDE TO DECLARING INTERESTS AT GMCA MEETINGS

This is a summary of the rules around declaring interests at meetings. It does not replace the Member's Code of Conduct, the full description can be found in the GMCA's constitution Part 7A.

Your personal interests must be registered on the GMCA's Annual Register within 28 days of your appointment onto a GMCA committee and any changes to these interests must notified within 28 days. Personal interests that should be on the register include:

- Bodies to which you have been appointed by the GMCA
- Your membership of bodies exercising functions of a public nature, including charities, societies, political parties or trade unions.

**You are also legally bound to disclose the following information called DISCLOSABLE PERSONAL INTERESTS which includes:**

- You, and your partner's business interests (eg employment, trade, profession, contracts, or any company with which you are associated)
- You and your partner's wider financial interests (eg trust funds, investments, and assets including land and property).
- Any sponsorship you receive.

### FAILURE TO DISCLOSE THIS INFORMATION IS A CRIMINAL OFFENCE

#### STEP ONE: ESTABLISH WHETHER YOU HAVE AN INTEREST IN THE BUSINESS OF THE AGENDA

If the answer to that question is 'No' – then that is the end of the matter. If the answer is 'Yes' or 'Very Likely' then you must go on to consider if that personal interest can be construed as being a prejudicial interest.

#### STEP TWO: DETERMINING IF YOUR INTEREST PREJUDICIAL?

A personal interest becomes a prejudicial interest:

- where the well being, or financial position of you, your partner, members of your family, or people with whom you have a close association (people who are more than just an acquaintance) are likely to be affected by the business of the meeting more than it would affect most people in the area.
- the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

#### FOR A NON PREJUDICIAL INTEREST

##### YOU MUST

- Notify the governance officer for the meeting as soon as you realise you have an interest

#### FOR PREJUDICIAL INTERESTS

##### YOU MUST

- Notify the governance officer for the meeting as soon as you realise you have a prejudicial interest (before or during the meeting)

- Inform the meeting that you have a personal interest and the nature of the interest
- Fill in the declarations of interest form

**TO NOTE:**

- You may remain in the room and speak and vote on the matter
- If your interest relates to a body to which the GMCA has appointed you to you only have to inform the meeting of that interest if you speak on the matter.

- Inform the meeting that you have a prejudicial interest and the nature of the interest
- Fill in the declarations of interest form
- Leave the meeting while that item of business is discussed
- Make sure the interest is recorded on your annual register of interests form if it relates to you or your partner's business or financial affairs. If it is not on the Register update it within 28 days of the interest becoming apparent.

**YOU MUST NOT:**

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business,
- participate in any vote or further vote taken on the matter at the meeting

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**MINUTES OF THE ANNUAL MEETING OF THE GREATER MANCHESTER  
COMBINED AUTHORITY AUDIT COMMITTEE, HELD ON FRIDAY 20<sup>TH</sup>  
SEPTEMBER 2023 AT THE GMCA OFFICES, TOOTAL BUILDINGS,  
MANCHESTER M1 6EU**

**Present:**

Councillor Dylan Butt	Trafford Council
Councillor Caroline Carrigan	Stockport Council
Gwyn Griffiths	Independent Member
Councillor Shelley Lanchbury	Manchester City Council (Substitute Member)
Grenville Page (Chair)	Independent Member
Catherine Scivier	Independent Member
Susan Webster	Independent Member

**Officers:**

Steve Wilson	GMCA Treasurer
Andrew Lightfoot	GMCA Deputy Chief Executive
Rachel Rosewell	Deputy Treasurer, GMCA
Sarah Horseman	GMCA Deputy Director, Audit and Assurance
Damian Jarvis	GMCA Internal Audit Manager
Paul Harris	GMCA Senior Governance and Scrutiny Officer

**In attendance:-**

Joe Broom	Mazars, External Auditor
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**AC 01/24 Apologies for Absence**

Apologies were received and noted from Councillors John Merry, Mary Whitby and Christine Roberts (sub), Councillor David Molyneux, Portfolio Lead Member and Dawn Watson, Mazars

**AC 02/24 Appointment of Chair of the Audit Committee 2023-2024**

The Clerk sought nominations for the appointment of Chair of the Committee for 2023/2024.

A nomination for Grenville Page was moved and seconded.

**RESOLVED/-**

That Grenville Page be appointed as Chair of the GMCA Audit Committee for the 2023/2024 municipal year.

**GRENVILLE PAGE IN THE CHAIR**

**AC 03/24 Chair's Announcements and Urgent Business**

There were no announcements or items of urgent business reported.

**AC 04/24 Membership of the Committee 2023-2024**

The Chair extended a welcome to Councillors Dylan Butt, Christine Carrigan, and Shelley Lanchbury as new members on the Committee. In welcoming the new members, the Chair also wished to record his thanks to outgoing members Councillors Sarah Russell, John Walsh and Tom McGee, for their contributions to the work of the committee.

**RESOLVED/-**

That the following membership of the Committee for the Municipal Year 2023/24, be noted: -

Councillor Dylan Butt	Trafford Council (Con)
Councillor Christine Carrigan	Stockport Council (Lab)
Councillor John Merry	Salford City Council (Lab)
Councillor Mary Whitby	Bury Council (Lab)
*Councillor Christine Roberts	Wigan Council (Lab)
*Councillor Shelley Lanchbury	Manchester City Council (Lab)
Gwyn Griffiths	Independent Member
Grenville Page	Independent Member (Chair)
Catherine Scivier	Independent Member
Susan Webster	Independent Member

\*denotes Substitute Members.

**AC 05/24 Members Code of Conduct and Register of Interest**

Members were reminded of their obligations under the Code of Conduct, and to complete their Annual Declaration of Interest form if not already done so.

**AC 06/24 Audit Committee Terms of Reference**

Members considered the Terms of Reference for the GMCA Audit Committee.

Members suggested that the Terms of Reference be updated to clarify that a minimum of two Independent members were needed to be included in the quorum of six members.

Members also requested that the Committee's Terms of Reference should also be revised to state that the Audit Committee has the ability to influence the Audit Plan and also has the responsibility to review the Standing Financial Instructions.

**RESOLVED/-**

That the Terms of Reference for the GMCA Audit Committee be noted and that the GMCA be recommended to adopt the following amendments to the Terms of Reference: -

- To specify that a minimum of two Independent members are required to be in attendance in order for a quorum of six members to be met.
- To reference that that the Audit Committee has the ability to influence the Audit Plan.
- To reference that the Audit Committee has responsibility to review the Standing Financial Instructions.

**AC 07/24 Code of Corporate Governance**

Members considered the Code of Corporate Governance as set out in Part 7 (Section E) of the GMCA Constitution.

A Member suggested that the wording within the document be reviewed.

**RESOLVED/-**

1. That the Code of Corporate Governance be noted.
2. That the wording within the document be reviewed to provide a plain English version.

**AC 08/24 Audit Committee Schedule of Meetings 2023/2024**

**RESOLVED/-**

That the following programme of meetings for 2023/24 be noted: -

Wednesday 20th September 2023.

Wednesday 15th November 2023

Wednesday 24th January 2024.

Wednesday 13th March 2024.

Meeting will commence at 10:00 am unless otherwise notified.

**ORDINARY MEETING BUSINESS**

**AC 09/24 Declarations of Interest**

There were no declarations made by any member of the committee in respect of any item on the agenda.

**AC 10/24 Minutes of the Previous Audit Committee Meeting**

The minutes of the previous meeting of the Audit Committee held on 15<sup>th</sup> March 2023 were submitted.

**RESOLVED/-**

That the minutes of the meeting of the Audit Committee, held on 15th March 2023, be approved as a correct record.

## **AC 11/24 Update from the Joint Audit Panel**

Audit Committee Members considered an update on the work of the Joint Audit Panel and the minutes from the last Joint Audit Panel meeting which took place on 1<sup>st</sup> August 2023.

Members noted that an Annual report from the Joint Audit Panel Chair will be provided to the next meeting of the Committee.

It was noted that there has been an improvement in the Head of Audit and Assurance opinion for 2022/23 which is now at a Reasonable level of Assurance.

Members noted that an update in relation to the recent data breach which will be provided at the next Joint Audit Panel.

Following an enquiry from a Member regarding the costs associated with the IOPS software project, officers explained that the Joint Audit Panel continued to monitor this project, particularly in relation to contractual matters, the rectification of associated issues and the long-term approach. Officers undertook to raise the Committee's request for further assurance associated with the IOPS project with the Joint Audit Panel.

A Member suggested that a future deep dive topic could include the process of Police and Fire Service recruitment and their respective vetting processes. In response, it was noted that the Joint Audit Panel had recently considered the Police vetting processes and an update on this will be provided to the next meeting of this Committee.

### **RESOLVED/-**

1. That the update from the Joint Audit Panel be noted.
2. That the Chair of the Joint Audit Panel be invited to the next meeting of the Audit Committee to present the Annual Report.
3. That an update on GMP and Fire service recruitment vetting process be provided to the next meeting of this Committee.

## **AC 12/24    Audit Committee Annual Report**

The Chair introduced a report which presented Members with a retrospective review of the work of the committee during the previous municipal year.

In welcoming the report, a Member suggested that a statement be included in future iterations which will qualify reasons for Member absence.

Members noted an update in respect of the delays to the audits for the 2021/22 and 2022/23 annual statement of accounts. The update advised the Committee of those national issues that has caused the delays to the audit process. Members noted that the Department for Levelling Up, Housing and Communities (DLUHC) was to consult all local authorities to seek comments on how to deal the outstanding audits. The views of the Audit Committee would also be sought.

A Members highlighted that in respect of the aerated concrete issues (RAAC), any surveys would take a significant time to complete. This would impact on the timeframe for signing off the outstanding audits.

An update in respect of RAAC within GMCA and GMP assets will be provided to the next meeting of the Committee.

### **RESOLVED/-**

1. That the report be received and noted.
2. An update on RAAC within GMCA and GMP assets will be provided to the next meeting of the Committee.

## **AC 13/24    Internal Audit Opinion 2022-2023**

The Deputy Director Audit and Assurance, GMCA introduced a report which provided Members of the Audit Committee with the Head of Internal Audit Opinion on the effectiveness of the framework of governance, risk management and internal control

at Greater Manchester Combined Authority (GMCA) for the year ended 31 March 2023. Members noted that a Reasonable level of assurance was reported for this period.

The report outlined the regular reporting of performance management matters to senior management, risk maturity and peer review processes.

In welcoming the improving performance overall, a Member also raised concerns regarding limited assurance in areas such as ICT and Digital. It was suggested that such areas continue to be fast moving and for this reason any recommendations should be implemented in a timely manner.

A Member suggested that it would be helpful for Members to receive a briefing paper on Section 114 matters and key learnings from other combined authority and local authority areas.

In respect of the Audit Tracker, a Member suggested that where the Audit recommendation had an overall limited assurance, that this be highlighted in the tracker. In addition, it was noted that formal follow up audits were to be undertaken when a limited assurance had been received.

#### **RESOLVED/-**

1. That the Reasonable level of assurance recommended by the Head of Internal Audit Opinion 2022/23, for the reasons set out in the report, be noted.
2. That a briefing paper be prepared for Members explain the reasons for some authorities entering into Section 114 arrangements, be noted.
3. That where the Audit recommendation has come from an overall limited assurance, that this be highlighted in the tracker.

#### **AC 14/24 Annual Governance Statement 2022-2023**

The GMCA Treasurer introduced the 2022/23 Annual Governance Statement for final comments ahead of publication.



Members noted that the draft Annual Governance Statement now included the addition of the independent first year review of the GMCA scrutiny function (Section 4 refers) and several minor amendments that bring the Statement fully up to date.

A Member highlighted that the arrangements under the Trailblazer Devolution Deal, particularly the replacement of the current grant regime with a single settlement arrangement. It was suggested that a briefing be provided for members so that they can fully understand budget and control environment under the single settlement arrangement. In addition, assurance was sought in respect of those risks associated with Metrolink, bus and energy, as part of the electrification of transport. In response, Members noted that the Trailblazer will be part of a Deep Dive topic for a future meeting of the committee. In addition, members also noted that the single settlement will come into effect during 2024/2026. Members were reminded that the committee reviewed transport fare risk last year and would also bring this matter back as a Deep Dive topic to a future meeting of the Committee.

Members noted that officers were to explore how regular assurance reporting on key strategic risks and the actions to mitigate these risks can be treated. A suggestion of complementary Member briefings in respect of such key risks was suggested alongside the monitoring of controls.

#### **RESOLVED/-**

1. That the Annual Governance Statement for publication alongside the Statement of Accounts, be endorsed subject to the comments raised by Committee members.
2. That a Deep Dive on Trailblazer and the Single Settlement be brought to the November meeting of the Committee.

#### **AC 15/24 Risk Management Update**

The Deputy Director of Audit and Assurance, GMCA introduced a report which informed Members of the Audit Committee of changes in the GMCA Strategic and

key operational risks and to provide an update on the risk management activities undertaken since the last Meeting.

Members noted that a risk workshop with the Senior Leadership Team was facilitated in the summer to specifically review the organisational risk register to ensure it reflected the current environment. It was also noted that this collective review identified specific themes that should form that organisational level risk register, which at a high level include:

- Resilience – the current risks refer to Covid19, moving forward the risk(s) around resilience will reflect more general risks to continuity while at the same time utilising the effective actions we introduced during the pandemic as continuing mitigation against future threats to continuity;
- Devolution – the trailblazer devolution deal will bring with it significant organisational change which will need to be managed and implemented as well as significant changes in funding (single settlement), governance and accountabilities (which will be reflected in the Strategic risk register)
- Staffing and workplace – wellbeing, recruitment and retention, capacity
- Finance and Commercial – contract and commercial management, budgetary control
- Environmental – failure to meet our organisational goals and targets around climate change and sustainability.
- Cyber and information security – risks that are prevalent across the organisation therefore requiring organisational level mitigations.

A Member asked that in respect of Cyber Security, regular updates be provided to the Committee. In response, an Audit on Threat and Vulnerability was taking place and an update will be provided to a future meeting.

Following an enquiry from a Member in respect of the Waste Management Strategy, officers noted that the delay presents challenges and uncertainty, particularly as the re-procurement of the Waste contract will have to take place with this uncertainty.

A Member asked if there is succession planning in place for Senior Management positions within GMCA. In response, it was noted that internally, there are development opportunities in place for staff to develop to managerial positions. In addition, these development opportunities, aligned with hybrid working policies has

helped with staff retention. An overall update on staffing matters can be provided to a future meeting, together with headline outcomes from the GMCA Be Heard Survey.

In respect of the new risk of declining confidence in GMP around vulnerable groups and communities - particularly among people experiencing inequality in race and gender, a Member highlighted the work needed to be done to reduce inequality across GM. The pressure on housing associations to provide responses to anti-social behaviour, which is outside their legal responsibility, was noted. Offices undertook raise this matter with the Police and Crime Team within GMCA. In addition, officers also highlighted the ongoing discussions taking place with Integrated Care Board and as part of the Public Service Reform agenda.

A Member suggested that in respect of the Summary of Strategic Risks schedule, as appended to the report, target scores should reference the target dates when the scores will be achieved.

#### **RESOLVED/-**

1. That the Risk Management update and comments made, be noted.
2. That an overall update in respect of recruitment and retention be provided to a future meeting of the committee.
3. That headline outcomes from the GMCA Be Heard Survey be shared with Committee Members.

#### **AC 16/24 Internal Audit Progress Report**

The Deputy Director of Audit and Assurance, GMCA introduced a report which informed Members of the Audit Committee of the progress made on the delivery of the Internal Audit Plan for Quarter 1 and 2 2023/24 and presented the finalisation of outstanding reports from 2022/23.

Members noted that this process is also used as a mechanism to approve and provide a record of changes to the internal audit plan. Members also noted that there were no changes to the Plan at this time.

Members noted that since the last meeting in March 2023, nine audit reports from 2022/23 plan have been finalised and published. The Executive Summaries from these reports were appended to the report and were considered as part of the Head of Internal Audit's annual assurance opinion for 2022/23. The reports were:

- Non-AR Income – reasonable assurance.
- Supporting Families Programme System Audit – reasonable assurance.
- GM One Network Project Governance - reasonable assurance.
- External Loan Funding – reasonable assurance.
- GM Waste Estates Asset Compliance Premises Safety Inspections – limited assurance.
- Use of Consultants and Contractors – limited assurance.
- CCTV Compliance – limited assurance.
- Safeguarding and DBS Checks – limited assurance.
- Safer Roads Greater Manchester Partnership Effectiveness – limited assurance.

A Member highlighted concerns on the limited assurance opinion for safeguarding and DBS checks. In response, officers explained that although there was a limited assurance opinion overall, safeguarding was a reasonable opinion. Work will continue to monitor the implementation of the recommendations from this audit and will also be reported on the audit tracker.

A Member commented that some organisations have a process of self-assessment assurance of controls in place. In response, officers noted that they would explore a similar mechanism for GMCA. In addition, Members noted that periodic core financial control audits were to take place.

In respect of the Safer Roads Greater Manchester Partnership Effectiveness report, officers highlighted how this partnership demonstrated how multi-agencies were working together.

Following a comment from a Member regarding the management of asset risks, officers will explore how this matter further.

**RESOLVED/-**

1. That the Internal Audit progress, as set out in the report, be noted.
2. That there were no changes to the Audit Plan, as set out in Appendix C, be noted.

**AC 17/24 Audit Action Tracking Follow Up**

The Deputy Director of Audit and Assurance, GMCA provided a report which advised Members of the progress made in implementing the agreed actions from internal audit assignments.

Following a comment from a Member in respect of asset compliance, officers noted that this work will be undertaken as part of the review of the GMCA estates service.

In respect of Cyber actions, a Member highlighted concerns on the lack of implementation on the actions reported. Actions around AI matters was also highlighted. In response, officers undertook to provide an update on Cyber and AI to the next meeting of the Committee.

Following an enquiry from a Member regarding high level outstanding actions, officers noted that such matters are reported to and monitored by the GMCA's senior management team on a regular basis.

In response to an enquiry from a Member in relation to the oversight of outstanding actions, it was noted that where there is concern, senior officers are invited to respond to these concerns directly to Members at Audit Committee meetings.

**RESOLVED/-**

1. That the progress of the implementation of Internal Audit actions, as set out in the report, be noted.
2. That an update on Cyber and AI be brought to the next meeting of the Committee.

#### **AC 18/24 Annual Report: GMCA Whistleblowing Outcomes**

The Deputy Director of Audit and Assurance introduced a report which provided the outcome of Whistleblowing Referrals received during the financial year 2022/23 and on the effectiveness of whistleblowing procedures.

Following an enquiry from a Member, officers undertook to check if referrals to other bodies is explicitly referenced within the GMCA Whistleblowing Policy.

Members welcomed that there had been an increase in the number of whistleblowing cases received, even though a number were not relevant to the GMCA.

A Member enquired if staff surveys include questions on whether staff are aware of the Whistleblowing Policy and if they would be confident that any issue raised as part of the whistleblowing procedure would be investigated. In response, officers noted that there isn't a section on whistleblowing in the staff survey but this could be revisited. It was also noted that GMF&RS has a separate "Speak Up" initiative.

#### **RESOLVED/-**

1. That the Annual Report on GMCA Whistleblowing Outcomes, be noted.
2. That officers undertook to check if referrals to other bodies is explicitly referenced within the Policy.

#### **AC 19/24 Quarterly Treasury Management Update - 30 June 2023**

The GMCA Treasurer introduced a report which provided an update to Members on treasury management activities during the first quarter of 2023/24.

A Member enquired what impact the issuing of a Section 114 notice in Birmingham City Council has with the West Midlands Combined Authority. In response, it was noted that CIPFA has been contacted to explore the technical implications of a constituent member of a Combined Authority entering into a Section 114 notice. In addition, a watch list of those authorities at risk is maintained. Officers clarified that currently, there is no risk to GMCA.

Members noted that Birmingham was affected by a significant pay settlement and the implementation of an ICT system. Other Section 114 notices were related to poor investments by the respective local authorities. Many authorities are facing financial challenges, particularly in respect of Children and Adult social care.

Officers clarified that GMCA does not borrow speculatively to invest apart from investing in the Authority's own capital assets.

Members noted that the 2024/2025 budget setting process has commended in consultation with the 10 GM districts.

A Member highlighted that the Public Works Loans Board has some restrictions on the level of borrowing by authorities.

#### **RESOLVED/-**

That the update on treasury management activities during the first quarter of 2023/24, as set out in the report, be noted.

#### **AC 20/24     Unaudited GMCA Annual Statement of Accounts 2022/23**

The GMCA Treasurer introduced a report which presenter a copy of the Greater Manchester Combined Authority (GMCA) unaudited single entity statement of accounts for 2022/23 and set out the process for approval of the audited group statement of accounts.

The update explained that the audit of the accounts would unlikely commence before the submission deadline of 30<sup>th</sup> November 2023.

In respect of the GM Housing Investment fund and in response to an enquiry from a Member, officers confirmed that there had not been any defaults on this fund.

Members noted the Audit recommendations in the 2021/22 accounts have been addressed within the 2022/2023 unaudited draft accounts.

Following a comment from a member, officers confirmed that there was nothing contentious reported in the accounts.

### **RESOLVED/-**

1. That the unaudited GMCA 2022/23 Annual Statement of Accounts, as set out in the report be noted.
2. That the timescales for publication of the unaudited Statement of Accounts and audited Statement of Accounts, which has a statutory deadline of the 30<sup>th</sup> November 2023, be noted.
3. That the GMCA Treasurer and his team be thanked for their continued hard work in the production of the 2022/2023 statement of the accounts.

### **AC 21/24    Assessment of Going Concern**

The GMCA Treasurer introduced a report which informed Members of an assessment of the Greater Manchester Combined Authority (GMCA) as a going concern with a forward look at the position for the next 12-18 months.

In respect of transport matters, Members noted that a final settlement had been received from Government for bus support for 2023/24 and 2024/25. A break-even position on transport is forecasted.

In terms of the single settlement arrangements, although it was unlikely that this would provide an increase in funding to the GMCA, a no detriment provision in introducing the single settlement arrangements, was noted.



Following a question from a Member regarding the impact of pay awards, it was noted that both Fire and Police awards were settled and have been included in the budget. The council staff award remained outstanding and discussions were continuing.

A Member enquired if there were any potential emerging issues that may delay audits in future years. In response, officers noted that IFRS16 possibly would be an issue that may cause deferment. In addition, the External Auditor also identified DLUHC consultation in respect of PPE valuations and pensions, as possible challenges.

#### **RESOLVED/-**

That the outcome of the assessment made of the GMCA's going concern position and the conclusion that there is no material risk to going concern, be noted.

#### **AC 22/24 External Audit Progress**

Members considered a report from Mazars, LLP External Auditor which provided an update on progress in delivering our responsibilities as your external auditors.

The progress report highlighted that for 2020/21 audit, confirmation from the National Audit Office had been received and that no further work is required in respect of the 2020-21 WGA return. The audit certificate had now been issued which formally marks the completion of the 2020-21 audit.

Members noted that for the 2021/22 financial statements audit, an Audit Completion Report was presented in March 2023, with a number of items shown as outstanding. Members noted that the External Auditor was continuing working with the Authority's finance team to complete this work as soon as possible.

The national issue regarding the use of reinforced autoclaved aerated concrete (RAAC) within public sector buildings was noted and the report explained that the Auditor continued to work with management regarding any implications to GMCA.

Members noted that the audit opinion in was anticipated for October 2023 along will our follow up letter to this Committee subject to the satisfactory completion of the above areas of work.

The 2021/22 Value for Money arrangements work and report will be presented to the November 2023 Audit Committee.

A Member highlighted reference to Croydon local authority where increased project costs resulted in the serving of a Section 114 notice. The Member referenced the increased costs of the Manchester City Council Town Hall refurbishment project. In response, officers noted that this project cost had no impact on GMCA. Members also noted that Manchester City Council's Audit Committee continued to monitor and have assurance on the Town Hall project.

Following an enquiry from a Member regarding the delays to the starting of audits, national issues had impacted on the resourcing of Audits. In addition, thought was needed to review the way accounts are prepared. Officers also explained that TfGM audit is underway, and it was noted that the Audit of GMCA cannot take place until the TfGM audit had been completed.

A Member commented that reasonable adjustments may be introduced to allow audits to be completed within appropriate timeframes.

**RESOLVED/-**

That the progress report of Mazars, External Auditor, be received with thanks and noted.

**AC 23/24     Audit Committee Work Programme**

Members noted the Committee work programme.

In addition, to the work programme it was suggested that CIPFA training was to be provided to Members in respect of the Role of the Audit Committee and Treasury Management matters.

**RESOLVED/-**

1. That the work programme and potential training opportunities for Members be noted.
2. That officers undertake to explore further training opportunities for Audit Committee members with CIPFA.

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**GMCA AUDIT COMMITTEE**

Date: 15 November 2023  
Subject: Joint Audit Panel (Police and Crime) Annual Report 2022/2023  
Report of: Peter Morris, Chair of the Joint Audit Panel (Police and Crime)

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**PURPOSE OF REPORT**

To provide the Audit Committee members with the Joint Audit Panel (Police and Crime) Annual Report 2022/2023.

**RECOMMENDATIONS:**

The Audit Committee is requested to:

1. Note and comment on the Joint Audit Panel (Police and Crime) Annual Report 2022/2023.

**CONTACT OFFICERS:**

**Steve Wilson, GMCA Treasurer**

[Steve.wilson@greatermanchester-ca.gov.uk](mailto:Steve.wilson@greatermanchester-ca.gov.uk)

**Equalities Implications:** N/A

**Climate Change Impact Assessment and Mitigation Measures:** N/A

**Risk Management** – N/A

**Legal Considerations** – none

**Financial Consequences – Revenue** – There are no specific revenue considerations contained within the report.

**Financial Consequences – Capital** – There are no specific capital considerations contained within the report.

**Number of attachments included in the report:** One (Joint Audit Panel (Police and Crime) Annual Report 2022/2023).

**BACKGROUND PAPERS:**

**None**

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

### 1. Chair's Introduction

- 1.1 The Joint Audit Panel (Police and Crime) comprises 5 independent members. This report covers our work during the period 1st April 2022 to 31st March 2023.
- 1.2 GMP is focusing on improving the quality of service it provides and in particular improving effectiveness, efficiency and value for money. This is resulting in significant changes being made throughout GMP. The Audit Panel recognises that change and material change creates risks that need to be managed. These risks can be unintended consequences or creating block-ages in earlier or later stages of processes. The use of Internal Audit provides assurance and helps identify knock on consequences.
- 1.3 There have been a number of high profile, major incidents and Inquiries over the last 12 months which have identified problems that need to be addressed within the Police Force nationally. Baroness Casey's report on the Metropolitan Police Service reviewed the Met's leadership, recruitment, vetting, training, culture and communications. It recommended how high standards can be routinely met and how high levels of public trust can be restored and maintained. The Panel met with the Chief Constable who explained the arrangements and processes within GMP and the importance of standards. It also looked in more detail at vetting processes. This will be an on-going matter for the Panel to seek assurance.
- 1.4 It was a very active year for the Panel reflecting the significant and broad ranging issues faced by GMP and recognising the improvements being made.
- 1.5 GMP summarise its Improvement Plan in the Plan on a Page. This sets out the areas for improvement with good improvements made in many areas but with more required. The financial environment is challenging both for the Force and the people of Greater Manchester.

## ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23

- 1.6 The Audit Panel has been focusing on financial risk during the year by seeking assurance that appropriate processes of financial control are in place to ensure the delivery of planned changes can be managed and unplanned, unexpected changes in cost and demand can be delivered within the resources available. We will continue to seek assurance on the processes in place next year too from GMP and GMCA.
- 1.7 It is also important that the Governance arrangements are comprehensive, effective and efficient and again the Panel has sought assurance on the arrangements in place.
- 1.8 The breadth and depth of our agendas has helped our development during this challenging period for GMP and it has been good that we have been able to put in place a training programme for members of the Panel during the year.
- 1.9 An important task for the Audit Panel is Greater Manchester Police activities and their accounts. The Audit Panel :-
- Aims to provide independent assurance and advice on its governance processes.
  - oversees the preparation of the Annual Report and Accounts, regular reports are received from the external auditors, Mazars during the year.
- 1.10 The Panel also provides a forum to receive the reports of both the Internal and External Auditors and GMP officers on risk management, internal control, value for money and governance issues. It is also keen to see that senior management take appropriate action to implement the agreed actions contained in these reports.



## **ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23**

1.11 I thank the Panel members for their contributions, enthusiasm, commitment and willingness to learn and the support we have received from GMP and GMCA.

**Peter Morris**

**Chair of the Joint Audit Panel**

**1<sup>st</sup> August 2023**

## ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23

### 1. Introduction

- 1.1 The Joint Audit Panel is a key component of the Deputy Mayor for Policing and Crime (the Deputy Mayor) and the Chief Constable's for Greater Manchester corporate governance framework. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 1.2 The purpose of the Panel is to provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes in operation within the Chief Constable's Corporation Sole and the GM Mayor's PCC functions.

### 2. Membership

- 2.1 The following individuals were appointed as independent Members of the Panel following an open recruitment exercise and interviews.
- 2.2 The Committee met five times during 2022/23. Attendance at the meetings has been good demonstrating a commitment to the role and the function of independent challenge and assurance.

Member	April 22	July 22	Sept 22	Nov 22	Jan 23	%
Mr Peter Morris (Chair)	✓	✓	✓	✓	✓	100%
Mr Ian Cayton	✓	✓	✓	✓	✓	100%
Mr John Starkey	✓	✓	✓	✓	✓	100%
Ms Foluke Fajumi	✓	✓	x	✓	x	60%
Ms Hilary Pogson	✓	x	x	✓	✓	60%

## ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23

### **3 Accountability Arrangements**

- 3.1 The minutes of the Joint Audit Panel meetings are provided to the Deputy Mayor and the Chief Constable as well as to the GMCA Audit Committee. In addition, in consultation with GMCA Audit Committee, the Chair of the Joint Audit Panel has started to provide a summary of each Audit Panel meeting and will attend GMCA Audit Committee to present the annual report of the Panel.
- 3.2 The Panel reviews its performance against its terms of reference, the result of which are included in this annual report.

### **4. Effectiveness of the Joint Audit Panel**

- 4.1 The Joint Audit Panel undertook a training session during the year to reflect on the Panels' overall effectiveness. It took into consideration the CIPFA Guidance that was issued in the year. The objective of the session was to identify the Panel's Strengths and Weaknesses and agree any actions that are needed to improve the influence and impact of the Panel.
- 4.2 Whilst recognising the Panel's strengths (for example in relation to responsibilities around the Annual Governance Statement and Internal Controls), a number of areas of additional focus were identified. One example of this was around IT. The IT support for Internal Audit is provided by an external provider who was invited to present their findings to the Panel on a number of important audits together with external contractors working for GMP. A new Director of IT has been appointed and he has attended 2 panel meetings and set out his initial thoughts on his priorities for the future. The Panel is also considering other options for strengthening its capability and capacity on IT matters. Other actions are included in the Development Plan (Appendix A).

## ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23

### **5. Key Areas of Focus for the the Panel in 2022/23**

#### **5.1 Governance, Risk and Control**

5.1.1 The Panel reviewed the Annual Governance Statement which is contained within the Chief Constable's Statement of Accounts.

5.1.2 The Panel received regular updates from the Chief Constable reporting on current priorities and performance.

5.1.3 The Panel reviewed the effectiveness of the system of internal control, taking account of the findings from internal and external audit reviews. The Panel sought assurance throughout the year from management that control issues identified are being addressed.

5.1.4 The Panel received quarterly updates on the implementation of internal audit actions. The Panel have paid particular attention to outstanding audit actions in order to satisfy themselves appropriate action is being taken to implement agreed actions.

5.1.5 The Panel received a report pertaining to anti-fraud arrangements.

5.1.6 The Panel received an update on risk management arrangements and notes the internal audit work undertaken in respect of risk management.

#### **5.2 Internal Audit**

5.2.1 The Panel approved the 2022/23 internal audit plan in April 2022. At each meeting the Panel received progress reports for the delivery of the internal audit plan. These reports have been reviewed and scrutinised by Members.

5.2.2 The Panel reviewed and approved the Internal Audit Charter.

5.2.3 The Panel received the results of the External Quality Assurance review of the Internal Audit Team, undertaken by peers in other Police Forces. This

## **ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23**

confirmed that the Internal Audit team operate in line with Public Sector Internal Audit Standards (PSIAS).

5.2.4 The Panel received regular reports on the implementation of previous audit actions. Particular attention was paid to “historic” audit actions which have been open for more than 12 months past their target implementation date. The Panel commissioned Internal Audit and GMP to work to reduce the number of historic open actions.

### **5.3 External Audit**

5.3.1 The Panel oversaw the work of external audit including the scope and approach to their work, their fees, and independence.

5.3.2 Throughout the year the external auditors outline the significant risks and key judgement areas identified within the planning process and subsequently in the work they do.

5.3.3 The Panel received the External Audit Annual Report and Value for Money Report for the financial 2020/21. The external auditor issued an unqualified opinion on the Chief Constable's financial statements. There are national delays in finalising audits and Value for Money opinions.

### **5.4.1 Financial Reporting**

5.4.1 The Panel reviewed the Chief Constable's Statement of Accounts for 21/22. To assist this review the Panel considered overviews of the key financial statements from management and reports regarding compliance with accounting standards, key judgements made in the preparation of the financial statements and compliance with legal and regulatory requirements.

## **6. Conclusion**

6.1 The Panel has considered a broad range of issues within its agreed terms of reference throughout the year and where appropriate has called for additional information or action to be taken.

## ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23

6.2 As part of its overall responsibility for providing assurance to the Deputy Mayor and the Chief Constable on the internal control environment, it has monitored the work of internal audit and the response to internal audit findings.

### 7. Priorities for 2023/24

7.1 The Panel will continue to meet regularly in order to review, scrutinise, challenge and provide assurance over the governance, risk management and internal control arrangements across the Force and Mayoral PCC functions in order to ensure the whole system of governance is effective whilst focus is inevitably placed on addressing the HMICFRS recommendations.

7.2 Within this context, the priorities for 2023/24 will be:-

- Continued focus on the change programme in place to monitor the progress of programmes, including (but not limited to) the PoliceWorks replacement programme.
- Continued focus on GMPs risk management arrangements, with periodic review of the Corporate Risk Register and associated risk management Policies.
- Participating in Audit Panel training sessions to improve familiarisation of operational activities, the operating environment and strategic risks and to develop where necessary Members' skills.
- To review and scrutinise reports arising from each of the internal Audit reviews undertaken during the year and ensure that appropriate action is taken to address any weaknesses identified.
- Receive updates on counter-fraud activities and outcomes.
- Ensure that the Panel supports the External Audit team in its application of the new Audit Code of Practice.

**ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23**

**Appendix 1 – Joint Audit Panel Development Plan – Actions**

#	Description	Survey	Action	Owner	Status (July 23)
1	<b>Continued training on operational areas of GMP/PCC</b>	2019/20, 2020/21	When it is feasible to accommodate visits from Panel members, these will resume.	GMP to be facilitated by GMP Governance	Ongoing. In-person meetings resumed in 2022/23 and visits to OCB and Vestigo house have taken place plus additional training presentations. Will continue in 23/24
2	<b>Risk deep dives</b>	2020/21, 2021/22	Include risk deep dives 3-4 times per year within training sessions. Panel chooses which risks to focus on at the next training session at/after their previous meeting.	GMP Governance	Outstanding. When the refreshed Corporate Risk Register starts to be presented to the Panel on a regular basis, risk deep dives of the risks on the register will commence. Target end 2023.
3	<b>Stakeholder mapping</b>	2020/21	One of the Panel training sessions to include a session on stakeholder mapping	Facilitated by Internal Audit	Outstanding. To be included in 23/24 training plan
4	<b>Member induction</b>	2020/21	Review and gather feedback on current induction processes. Update as needed	GMP Governance	No new members of the Panel therefore induction training not been refreshed. Will be prepared for any new members.

**ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23**

<b>#</b>	<b>Description</b>	<b>Survey</b>	<b>Action</b>	<b>Owner</b>	<b>Status (July 23)</b>
5	<b>Document library for Panel Members</b>	2021/22	Investigate the possibility of setting up a shared repository for documents that can be shared with members. Possibly through MS Teams?	GMP Governance	Outstanding
6	<b>Partnerships and Collaborations register</b>	2022/23	If a register exists, share it with the Panel. If not, provide information on significant partnerships and collaborations to the Panel.	GMP Governance	Target 2023/24
7	<b>Emerging Risks</b>	2022/23	Training session on the risk management process to also incorporate how emerging risks are considered.	Corporate Development Branch	Training 2023/24 - September
8	<b>Financial risks/performance</b>	2022/23	Current issues as a standing agenda item on each Panel Meeting to be presented by CFO/Treasurer	GMP/GMCA	Complete
9	<b>Capital Programmes</b>	2022/23	Panel to be sighted on the capital programme to understand the	GMP	Include in training schedule



ANNUAL REPORT OF THE JOINT AUDIT PANEL 2022/23

#	Description	Survey	Action	Owner	Status (July 23)
			breadth and extent of major programmes of work		

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## JOINT AUDIT PANEL

**Date:** Friday 29<sup>th</sup> September 2023

**Time:** 12:00 – 13:30

**Venue:** Chief Officer Meeting Room, Fourth Floor, GMP Force Headquarters, Central Park, Northampton Road, Newton Heath, Manchester, M40 5BP

**Attendees** Peter Morris (Chair)  
Ian Cayton (Panel)  
John Starkey (Panel)  
Hilary Pogson (Panel)  
Foluke Fajumi (Panel)

Neil Evans (GMCA - Director, Police, Crime, Fire & Criminal Justice)

Chief Resources Officer (CRO) Lee Rawlinson (GMP)  
Chief Finance Officer (CFO) Ian Cosh (GMP)  
Chief Superintendent Paul Savill (GMP)  
Superintendent Dean Purtill (GMP – item  
Hannah Gamage (GMP - Minutes)

Rachel Rosewell (GMCA – Deputy Treasurer)  
Sarah Horseman (GMCA & GMP - Head of Audit and Assurance)  
Cath Folan (GMCA - Audit Manager (Police and Crime))

Dawn Watson (Mazars – Audit Manager, Public and Social Sector)  
Karen Murray (Mazars - Partner (Public and Social Sector))

**Apologies** Kate Green (Deputy Mayor of Greater Manchester)  
Janet Moores (GMP - Head of Finance)  
Chief Constable Stephen Watson (GMP)  
Laura Ansbro-Lee (GMP – Corporate Development Branch)  
Steve Wilson (GMCA – Treasurer)

**M303/JAP Welcome and Apologies for Absence**

The Chair welcomed all attendees and noted apologies.

**M304/JAP Urgent Business (if any) at the discretion of the Chair**

None raised.

The Chair explained he has asked for GMCA (Steve Wilson) to circulate information regarding the tenure of the Panel members. The Chair also asked for consideration to be given to the appropriateness of current processes for communicating with Panel members.

**M305/JAP      Declarations of Interest**

None raised.

**M306/JAP      Approval of August 2023 minutes and actions**

The minutes were accepted as a true and accurate record.

**M307/JAP      Current GMP issues**

CFO Cosh and CRO Rawlinson highlighted the following to the Panel:

- The panel was advised that the risk associated with the delivery of the Police Uplift Programme (PUP) numbers was unlikely to materialise as GMP was forecasting exceeding its maintenance numbers at 30<sup>th</sup> September 2023.
- GMP's HMICFRS PEEL 2023 inspection is now complete with the finalised report expected to be published in November.
- The police staff pay award for 2023/24 has been agreed at 7% across all pay points.
- There has been a data breach at a supplier which has had implications for GMP. A Gold meeting structure is in place and staff are being informed of any updates. An Internal Audit is planned to take place regarding third party agreements, and the GMCA terms of reference for data protection and the retention and disposal of personal data by the supply chain.
- Operation Protector (the Conservative Party Conference) has now started following 12 months of planning.

**M308/JAP      Budget Update**

Rachel Rosewell updated the Panel that the pay award has been agreed and funded in part. The medium-term finance plan is being updated to include the expenditure from the Plan on a Page (POAP) and the impact of this moving forward. A draft budget will be created in Autumn 2023, following which the public will be consulted. The plan for this will be brought to the Panel in January. There have also been challenges regarding overtime and vacancies.

CFO Cosh explained the business planning cycle for 2023/24 is currently underway, early indications are there are longer-term financial pressures and issues regarding capacity of key staff is likely to impact on the delivery of certain projects.

**M309/JAP      External Audit Progress Report**

The report was an update on items which were highlighted in the previous meeting. The progress of the 2021/22 report was outlined to note the pensions work has been completed and the team are working through the recently reported national issue of defective concrete in public sector building (RAAC), to which CFO Cosh noted this does not affect GMP buildings. The audit letter will be issued at the next meeting. In regard to the 2022/23 report, there are plans and resources in place and it is ready to be signed off in January.

**M310/JAP      Internal Audit Plan Progress Report**

The paper details the reports which have been issued since the previous meeting. These included:

- Road Safety – a partnership focused audit which found Limited Assurance. The Deputy Mayor is bringing partners together to address this, and the Deputy Chief Constable (DCC) and Deputy Chief Fire Officer are reinvigorating the partnership with a strategic and tactical group.
- Overtime – provided with Limited Assurance. GMP explained a governance and accountability process is now in place to address this, and the Force is in a better position as overtime is being more robustly managed.
- Planned/Reactive Maintenance – this audit was rated as being of Substantial Assurance. GMP has an Estates Strategy, to manage and monitor future estates.
- POAP Phase 3 – this audit is part of a programme of audits to monitor the progress of POAP. The results of the audit were mostly green, and a follow-up audit will take place in February 2024.

It was also noted that an Internal Audit will take place regarding the controls and processes regarding the use of money seized using Proceeds of Crime Act (OCA) money has been scheduled for 2023/24.

The Chair advised that panel members had put forward some matters for possible inclusion in the Audit Plan. These suggestions will get picked up as part of the planning process for next year.

### **M311/JAP      HMICFRS Update**

Superintendent (Supt) Purtill provided the Panel with an overview of the above report, noting a review of the Performance Management Framework (PMF) is being planned.

When asked by the Panel, Supt Purtill, along with CRO Rawlinson and CFO Cosh, explained GMP's approach to delivering wellbeing support for officers and staff.

The Deputy Mayor's Office stated that, following their recent attendance at the Victim and Communities Performance Framework Day (VCPF), there was a positive change in the management of recruitment and support for officers.

*PART B - REDACTED*

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## GMCA Audit Committee

Date: 15 November 2023

Subject: Internal Audit Progress Report

Report of: Sarah Horseman, Deputy Director of Audit and Assurance, GMCA

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### PURPOSE OF REPORT

The purpose of this report is to inform Members of the Audit Committee of the progress made on the delivery of the Internal Audit Plan for 2023/24. It is also used as a mechanism to seek approval of changes to the internal audit plan.

### RECOMMENDATIONS:

Audit Committee is requested to:

- Consider and comment on the Internal Audit progress report.
- Approve the changes to the Audit Plan (Appendix C)

### CONTACT OFFICERS:

**Sarah Horseman, Deputy Director of Audit and Assurance, GMCA**  
[sarah.horseman@greatermanchester-ca.gov.uk](mailto:sarah.horseman@greatermanchester-ca.gov.uk)

### Equalities Impact, Carbon, and Sustainability Assessment:

N/A

### Risk Management

N/A

### Legal Considerations

N/A

### Financial Consequences - Capital

N/A

**Financial Consequences - Revenue**

N/A

Number of attachments included in the report:

**BACKGROUND PAPERS:** N/A

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?		No
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	



## 1 Introduction

- 1.1 The Internal Audit annual plan for GMCA was presented to the Audit Committee in March 2023 and this set out the planned assurance activity to be conducted during 2023/24 based on our understanding of the organisation’s strategic and operational risks.
- 1.2 There are separate audit plans approved by Transport for Greater Manchester (TfGM) and Greater Manchester Police (GMP) / Police and Crime Functions with reporting to their respective Audit, Risk and Assurance Committee (ARAC) and Joint Audit Panel (Police and Crime).
- 1.3 The purpose of this progress report is to provide Members with an update against the GMCA Internal Audit Plan for 2023/24 and summary of final reports presented to Committee.

## 2 Progress against the Internal Audit Plan 2023/24.

- 2.1 Since the last meeting in September 2023, we have finalised and published one report from the 2023/24 plan.

Audit Report	Opinion
ICT/Digital – Threat and Vulnerability Assessment	Limited
<p>This report provided a limited assurance opinion with 4 recommendations (2 high and 2 Medium). These consist of several individual actions and the Digital Services team are currently developing a remediation plan to address the risks and manage these actions. Full details on the outcome of this work will be reported to Audit Committee as a restricted item in January 2024 once a full assessment of the work has taken place.</p> <p>The review provided an assessment of the effectiveness of the control framework being exercised in relation to threat and vulnerability management with reference to cyber security guidelines and good practice as provided by the National Cyber Security Centre (NCSC) cyber essentials and requirements included in the Cyber Assurance Framework (CAF).</p>	

- 2.2 There are several audits planned and underway and reasonable progress is being made by the team to deliver these. We continue to work with Management to review scheduled audit work and minimise the impact on Directorates where possible. Client availability and capacity to support audit work does continue to present some challenges in terms of completing work to agreed timescales. Some planned audit work has been deferred due to changing assurance needs and the reasons for this are contained in this report.

A summary on the status of ongoing audit work is as follows:

<b>Planning Stage</b>	
GMCA Business Continuity Planning	Following initial planning discussions with Management an agreement was reached to defer this audit to allow an internal review and strengthening of BCP arrangements within GMCA to be carried out. This work will be supported by the Resilience team that has been brought in-house in the year. Internal Audit will contribute to this review and provide a statement of assurance before the year end. <b>Proposal to defer full audit to 2024/25.</b>
ICT Critical System Review (External)	The scope of this audit was agreed in October 2023 and will provide a review of the Gartan Roster application which is categorised as a CF1 application and used by GMFRS for the crewing and mobilisation of firefighters. Fieldwork will commence at the end of November 2023.
Bus Franchise - Governance	Initial scoping discussions have taken place to understand the high-level governance structure which oversees the operation of the Bus franchise scheme and understanding GMCA responsibilities in areas of budgetary control, asset management and contract management. Work will take place later in the year to allow the drafting of a formal written protocol in line with the Bus Franchising agreement.
Trailblazer Readiness	Planning discussions have taken place on understanding the approach being taken to preparing for the Trailblazer Devolution Deal which and in particular the single settlement which will come into force 25/26. Alongside trailblazer commitments in individual policy areas. Assurance continues to be sought through regular engagement sessions and involvement in senior leadership workstreams.
Estates Management	An initial scoping oping discussion has taken place. A Management workstream review of the Estates function is being carried out and we will seek assurance from this report which is due in November. In the meantime, Internal Audit has agreed to conduct some assurance work over the strategic gateway process which supports the GMFRS transformation programme.

<b>Fieldwork Stage</b>	
PAM Occupational Health Contract – effectiveness	Fieldwork commenced on this audit which aims to provide assurance over the effectiveness of the contract and service.
Payroll Compliance	Fieldwork is ongoing on this audit to provide assurance over payroll controls and processes.
GM Waste Fleet Assets	Fieldwork has commenced with on-site visits to the Contractor Suez during October.
Freedom of Information Act (FOIA) and Subject Access Requests (SAR)	This is new planned work to review the arrangements for responding to FOIA requests considering recent high profile data breach cases. Terms of reference has been agreed with fieldwork to commence in early November.
Anti-Money Laundering Policy review	A review and update of the AML policy and procedures is underway.

<b>Reporting Stage</b>	
Brownfield Housing Fund Grant 2022/23 (Section 31/6408)	Letter of certification completed, and Internal Position Statement over Grant Fund Usage (DRAFT) issued to Management – awaiting sign off.
GMFRS Station Standards Framework	Fieldwork is completed with ten Station visits and a draft audit report is being prepared.
Purchase Cards - Compliance	This is new proactive work to examine Pcard compliance. Fieldwork is complete and draft audit report being prepared.

2.3 **Grant Certifications** – There have been no grants requiring certification during this period.

Details of our progress in respect of the 2023/24 Audit Plan is shown in **Appendix B**.

### 3 Changes to the Internal Audit Plan

- 3.1 In line with the Internal Audit Charter, any significant changes to the approved Internal Audit Plan must be approved by the Audit Committee.
- 3.2 Following initial scoping discussions, we are proposing three changes to the plan this quarter. These are:
- Defer full audit of Business Continuity Planning until early 2024/25 to allow for an internal review by the recently in-housed Resilience Team. Internal Audit will determine and produce a position statement in the current financial year which will contribute to the Head of Internal Audit Opinion.
  - Defer Supporting Families Audit to 24/25 as the last audit was completed in May 2023. This will be pending agreement by funding body.
  - Add to the plan a series of short compliance audits of key financial processes, including Purchase Card Transactions, Expenses, Gifts and Hospitality etc to be taken in between “full” audits of those systems and processes to ensure ongoing compliance with policies.
- 3.3 A cumulative record of changes to the plan for the current financial year, with the rationale for each, is shown as an **Appendix C** to this report.

### 4 Other Activities

- 4.1 Aside from delivery of the internal audit plan, since the last meeting internal audit have undertaken the following additional activities.
- 4.2 **Whistleblowing and Counter Fraud Activities** – No whistleblowing reports have been received since the last update to Audit Committee. One previously reported case remains under investigation.
- 4.3 **Anti-fraud Training** – A new suite of online training is set to go live in early November with three training packages rolled out to staff covering general fraud awareness, Anti-bribery, and Anti-money laundering requirements.
- 4.4 **Anti-fraud Policy** – The GMCA Anti-Money Laundering policy and procedures are being updated to ensure these meet the latest regulatory requirements and to assess the level of risk in key activities.
- 4.5 **Senior Leadership Team Engagement** – The Assistant Director Audit and Assurance has recently joined the SLT, and we continue to hold quarterly engagement discussions with individual Service Directors to understand emerging risks/issues and to help inform future audit planning.

**Appendix A - Summary of Internal Audit Reports issued 2023/24**

The table below provides a summary of the internal audit work completed. This will inform the annual Internal Audit opinion for the year 2023/24.

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
Brownfield Housing Fund Grant	N/A – Internal Position Statement Only	We made no recommendations in this audit.					✓		
ICT – Threat and Vulnerability Assessment	Limited	-	2	2	-	-	✓	✓	✓

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Grant Certifications				
BEIS Growth Hub Funding 2022/23	Positive	✓		
Brownfield Housing Fund Grant 2022/23	Positive	✓		
Local Energy Market: Period October 2021 – March 2023	Positive	✓		
Made Smarter Adoption NW 2022-25	Positive	✓		
GMCA Innovator Accelerator Seedcorn Funding 2022/23	Positive	✓		
LAEP to Net Zero £19k 2022/23	Positive	✓		

The following tables show definitions for the Assurance Levels provided to each audit report and the ratings attached to individual audit actions.

**Assurance levels**

	<b>DESCRIPTION</b>	<b>SCORING RANGE</b>	<b>DESCRIPTION</b>
	<b>SUBSTANTIAL ASSURANCE</b>	1-6	A sound system of internal control was found to be in place. Controls are designed effectively, and our testing found that they operate consistently. A small number of minor audit findings were noted where opportunities for improvement exist. There was no evidence of systemic control failures and no high or critical risk findings noted.
	<b>REASONABLE ASSURANCE</b>	7-19	A small number of medium or low risk findings were identified. This indicates that generally controls are in place and are operating but there are areas for improvement in terms of design and/or consistent execution of controls.
	<b>LIMITED ASSURANCE</b>	20-39	Significant improvements are required in the control environment. A number of medium and/or high-risk exceptions were noted during the audit that need to be addressed. There is a direct risk that organisational objectives will not be achieved.
	<b>NO ASSURANCE</b>	40+	The system of internal control is ineffective or is absent. This is as a result of poor design, absence of controls or systemic circumvention of controls. The criticality of individual findings or the cumulative impact of a number of findings noted during the audit indicate an immediate risk that organisational objectives will not be met and/or an immediate risk to the organisation's ability to adhere to relevant laws and regulations.

## Audit Finding Classification

Risk Rating	Description/characteristics	Score
<b>Critical</b>	<ul style="list-style-type: none"> <li>• Repeated breach of laws or regulations</li> <li>• Significant risk to the achievement of organisational objectives / outcomes for GM residents</li> <li>• Potential for catastrophic impact on the organisation either financially, reputationally, or operationally</li> <li>• Fundamental controls over key risks are not in place, are designed ineffectively or are routinely circumvented.</li> <li>• Critical gaps in/disregard to governance arrangements over activities</li> </ul>	<b>40</b>
<b>High</b>	<ul style="list-style-type: none"> <li>• One or more breaches of laws or regulation</li> <li>• The achievement of organisational objectives is directly challenged, potentially risking the delivery of outcomes to GM residents.</li> <li>• Potential for significant impact on the organisation either financially, reputationally, or operationally</li> <li>• Key controls are not designed effectively, or testing indicates a systemic issue in application across the organisation.</li> <li>• Governance arrangements are ineffective or are not adhered to.</li> <li>• Policies and procedures are not in place</li> </ul>	<b>10</b>
<b>Medium</b>	<ul style="list-style-type: none"> <li>• Minor risk that laws or regulations could be breached but the audit did not identify any instances of breaches.</li> <li>• Indirect impact on the achievement of organisational objectives / outcomes for GM residents</li> <li>• Potential for minor impact on the organisation either financially, reputationally, or operationally</li> <li>• Key controls are designed to meet objectives but could be improved or the audit identified inconsistent application of controls across the organisation.</li> <li>• Policies and procedures are outdated and are not regularly reviewed</li> </ul>	<b>5</b>
<b>Low</b>	<ul style="list-style-type: none"> <li>• Isolated exception relating to the full and complete operation of controls (e.g., timeliness, evidence of operation, retention of documentation)</li> <li>• Little or no impact on the achievement of strategic objectives / outcomes for GM residents</li> <li>• Expected good practice is not adhered to (e.g., regular, documented review of policy/documentation)</li> </ul>	<b>1</b>
<b>Advisory</b>	Finding does not impact the organisation's ability to achieve its objective but represent areas for improvements in process or efficiency.	<b>0</b>

## Appendix B – Progress against the Internal Audit Plan 2023/24

The table below shows progress made in delivery of the 2022/23 Internal Audit Plan.

Key: ○ Not Yet started    ⊙ Scheduled    ● In progress    ● Complete

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
GMFRS	Service Support	Occupational Health Contract	Q1	20	●	●	○	○		Fieldwork
GMFRS	Front Line Delivery	Station Standards Framework	Q2	30	●	●	●	○		Draft Report Stage
GMFRS	Front Line Delivery	Operational Assurance and Organisational Learning Frameworks	Q2	10	●	○	○	○		Preliminary discussions held
GMFRS	TBC	Block	Q4	30	○	○	○	○		Scope to be agreed in year
Corporate Services	People Services	Payroll	Q2	30	●	●	○	○		Fieldwork



Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Waste and Recycling	Fleet Assets – Maintenance	Q2	30	●	●	○	○		Fieldwork
Cross Cutting	Governance	Business Continuity Planning	Q2	20	●	○	○	○		Full Audit Postponed until 2024/25
Corporate Services	Finance	Purchase Card Compliance	Q3	5	●	●	●			Draft Report Stage
Corporate Services	Finance	Corporate Recharge Model	Q3	20	○	○	○	○		Rescheduled until Q4
Corporate Services	People Services	Recruitment and Attraction	Q4	30	○	○	○	○		Q4 - Not Started
Education, Work and Skills	Adult Education Budget	Performance Management	Q4	30	○	○	○	○		Q4 - Not Started
Corporate Services	ICT/Digital	Threat and Vulnerability Assessment (External)	Q2	5	●	●	●	●	November 2023	Delivered by Mersey Internal Audit Agency

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	ICT/Digital	Critical Business System (External)	Q3	5	●	●	○	○		Fieldwork
Corporate Services	ICT/Digital	IT Asset Management	Q4	5	○	○	○	○		Defer to 2024/25
Mayoral Priorities	Governance/ Assets	Bus Franchising	Q3	20	⊙	○	○	○		Preliminary Discussions held Defer to Q4
Environment	Low Carbon	Net Zero achievement	Q3	20	○	○	○	○		Not Started
Place	Land and Property	Estates Management	Q3	30	⊙	○	○	○		Preliminary Discussions held
Policy and Strategy	Governance	Trailblazer Programme Readiness	Q3	30	⊙	○	○	○		Preliminary Discussions held
Public Sector Reform	Compliance	Supporting Families Programme	Q4	10	○	○	○	○		Defer to 2024/25

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Cross Cutting	Programme and Project Mgt.	GMFRS Capital Programme	Q4	30	○	○	○	○		Not Started
Corporate Services	Grants	Mandatory Grant Certifications	Q1-Q4	60	●	●	●	●		As required.
Corporate Services	Grants	BEIS Growth Hub Funding 2022/23	Q1	-	●	●	●	●	September 2023	Completed
Corporate Services	Grants	Local Energy Market: Period October 2021 – March 2023	Q1	-	●	●	●	●	September 2023	Completed
Corporate Services	Grants	Brownfield Housing Grant	Q1	-	●	●	●			Completed - Awaiting Sign off
Corporate Services	Grants	Made Smarter Adoption NW 2022-25	Q2	-	●	●	●	●	September 2023	Completed
Corporate Services	Grants	GMCA Innovator Accelerator Seedcorn Funding 2022/23	Q2	-	●	●	●	●	September 2023	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Grants	LAEP to Net Zero £19k 2022/23	Q2	-	●	●	●	●	September 2023	Completed
Total Plan Days				490						

<b>Other Audit Activity</b>		<b>Quarter</b>
Information Governance	Deputy Director of Audit and Assurance is a member of the Information Governance (IG) Board and the Serious Information Governance Incident (SIGI) Panel. Ongoing advice, and oversight of IG risks is undertaken through these forums.	All
Audit action tracking	Internal audit monitor and report on a quarterly basis the implementation of agreed audit actions.	All
Counter Fraud Activity	Maintenance of counter fraud policies, training and organisational awareness as well as response to reports of fraud.	All
Whistleblowing investigations	Receipt and investigation of whistleblowing reports	As needed
Ad-hoc advice and support	Advice and reviews requested in-year in response to new or changing risks and activities.	As needed
Contingency days	Days reserved to address new or emerging risks	N/A

## Appendix C - Changes to the Internal Audit Plan

The internal audit plan is designed to be flexible and can be amended to address changes in the risks, resources and/or strategic objectives. Similarly, management and the board may request additional audit work be performed to address particular issues. In line with Public Sector Internal Audit Standards (PSIAS) the Audit Committee should approve any significant changes to the plan.

This Section records any changes to the current internal audit plan since it was originally approved in March 2023.

There are no planned changes to the audit plan this time.

Audit Area	Audit	Days	Change requested	Rationale	Approved by Audit Committee
Corporate Services: Procurement and Commercial	Social Value Model Subsidy Control Act	40	Deprioritise	Assessed as medium risk, given available resources, focus on audits in high-risk areas.	Sept 2023
Corporate Services: Finance	BWO access rights	20	Deprioritise	Revised IT Audit Plan based on assessment from new IT Audit Provider.	Sept 2023
Corporate Services: Information Governance	Information Governance Processes	20	Deprioritise	IG is a shared service with TfGM. An IG audit was undertaken at TfGM in 2022/23 which covers the same team, processes and controls. The findings around the control design would therefore be similar. Actions from that audit will be applied to GMCA as well as TfGM and monitored through IG Board – where IA is represented to monitor progress of actions.	Sept 2023
Waste	Behavioural Change and	20	Deprioritise	Audit of Waste Fleet Assets included in the audit plan, propose to deprioritise this audit for this year to be reconsidered in future plans.	Sept 2023

Audit Area	Audit	Days	Change requested	Rationale	Approved by Audit Committee
	Communication Plan				
Economy and Strategy	Shared Prosperity Fund	20	Deprioritise	Focus for this plan will be on Trailblazer preparedness.	Sept 2023
Information Governance	Freedom of Information and Subject Access Request Processes	15	Addition	In response to recent high profile data breaches in other organisations.	Sept 2023
ICT/Digital	IT Asset Management	5	Defer	Digital Service are unable to support this audit at present due to capacity and resourcing issues.	Sept 2023
Governance	Business Continuity Planning	20	Defer	Request from Management to defer until April 2024 to allow a full internal review of BC policies, systems and processes to take place.	
Public Sector Reform	Supporting Families Framework	10	Defer	The previous audit was completed in May 2023, as such we propose to defer until 2024/25, however this is dependent on expectations from Government that we undertake work in Q4.	
Finance	Continuous Auditing	20	Addition	A series of proactive transactional based audits	

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## GMCA Audit Committee

Date: 15 November 2023

Subject: Audit Action Follow up

Report of: Sarah Horseman, Deputy Director Audit and Assurance, GMCA

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### PURPOSE OF REPORT

This report advises Audit Committee of the progress made in implementing the agreed actions from internal audit assignments.

### RECOMMENDATIONS:

Members are asked to review the progress of the implementation of Internal Audit actions.

### CONTACT OFFICERS:

Sarah Horseman, Deputy Director Audit and Assurance - GMCA,  
[sarah.horseman@greatermanchester-ca.gov.uk](mailto:sarah.horseman@greatermanchester-ca.gov.uk)

### Equalities Impact, Carbon, and Sustainability Assessment:

N/A

### Risk Management

N/A

### Legal Considerations

N/A

### Financial Consequences - Capital

N/A

## Financial Consequences - Revenue

N/A

Number of attachments included in the report:

### BACKGROUND PAPERS:

N/A

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?	No	
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

## **1 Introduction**

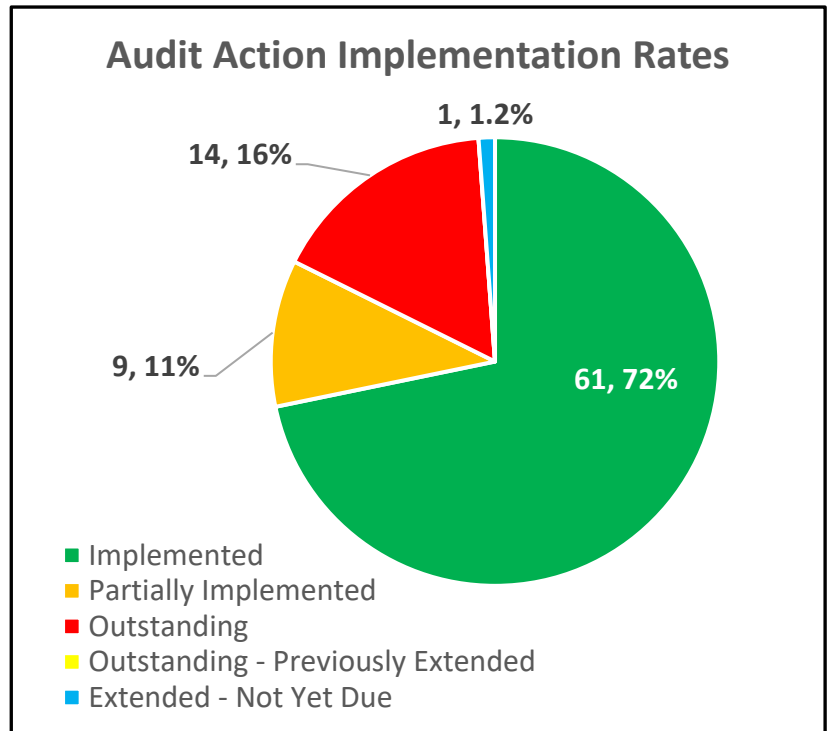
- 1.1 The GMCA Internal Audit Plan comprises a range of audits agreed by Senior Leadership Team and Audit Committee. Each audit assignment concludes with the issue of an audit report and agreed actions for implementation. Each action has a named responsible officer and an agreed target implementation date.
- 1.2 Internal Audit has responsibility for the follow up of all audit actions and reporting to Audit Committee on progress made.
- 1.3 This report provides an overview on the status of outstanding of Internal Audit actions.

## **2 Agreed Process**

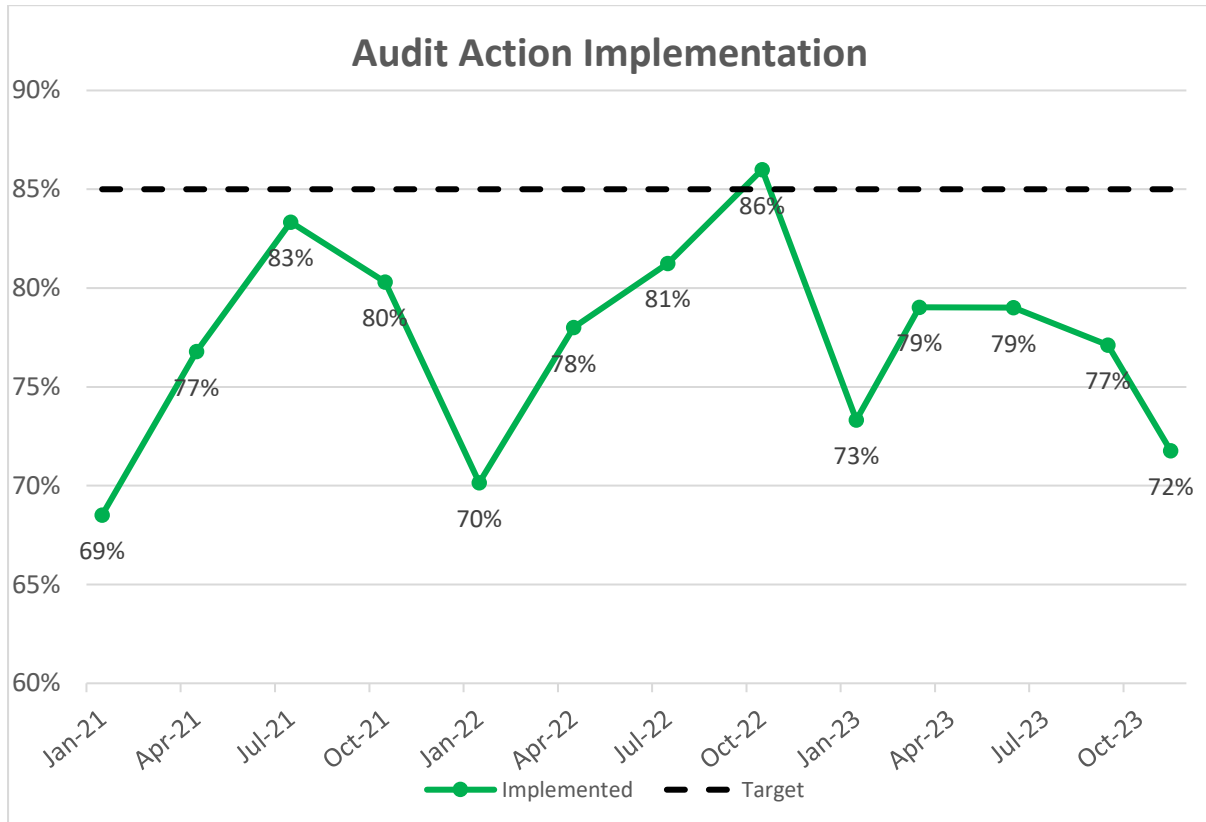
- 2.1 It is the responsibility of management to implement audit actions on time and provide updates for the tracker. To aid facilitation of this, Internal Audit maintains the action tracker which is shared with risk owners to capture updates on progress of outstanding actions.
- 2.2 GMCA Senior Leadership Team retains responsibility for overseeing the timely implementation of all audit actions and assessing the impact on risk.

### 3 Current Status

3.1 As of November 2023, **72%** of Internal Audit actions due in the last 2 years have been implemented, against the target rate of 85%.

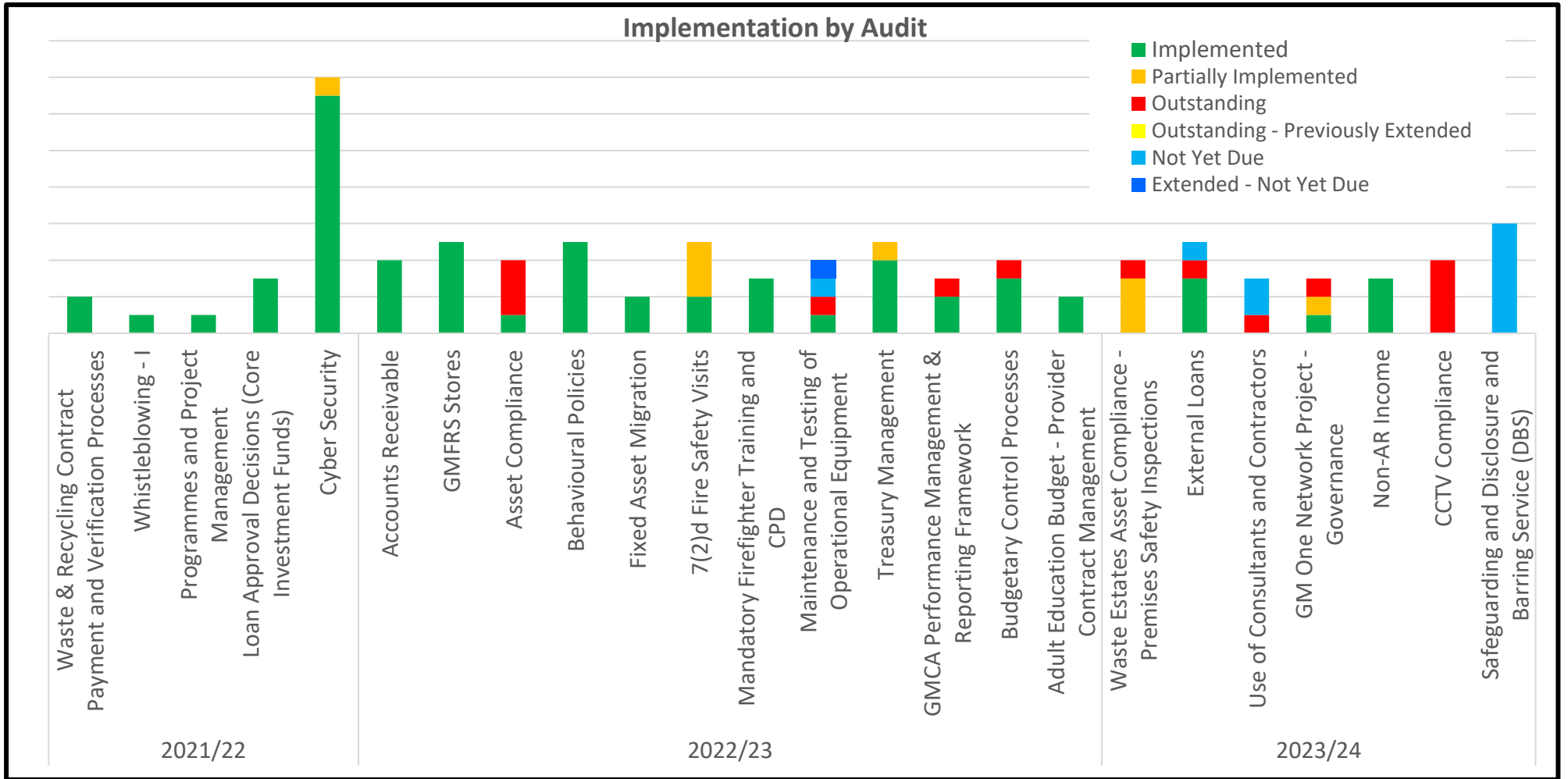


3.2 The chart below shows that implementation rates have dropped slightly on those previously reported in September 2023.



#### 4 Analysis of Audit Actions – by Audit

4.1 The chart below shows the status of implementation of audit actions by audit.



- 4.2 Since our last report, thirteen outstanding actions are now considered fully implemented. Thirteen new actions have become due relating to Audit reports previously shared with Audit Committee.
- 4.3 Several actions remain outstanding from the GMCA Estates Asset Compliance and CCTV Compliance audits, and management have requested extended time to implement these. There is an ongoing Estates workstream review being conducted by the new Interim Head of Estates and we will await the outcome of this to understand the priority improvement actions required for the service.
- 4.4 ICT/Digital There is one outstanding management action relating to IT disaster recovery arrangements. While this action has not yet been fully implemented arrangements have been moved on since the Cyber Security audit. This has been considered as part of the most recent IT threat and vulnerability review and new actions agreed that reflect the current position and current best practice as such the outstanding Cyber Security action will be superseded by the remediation plan for Threat and Vulnerability Management.
- 4.5 GM One network Project actions has one outstanding remaining action around seeking to utilize more senior GM engagement and sponsorship to help promote and publicise this flagship project and the attraction of new partners.
- 4.6 Details of all overdue actions and management updates on progress have been included at **Appendix A** to allow Members opportunity to consider and comment on these.

## 5 Analysis of Audit Actions – by Risk Rating

5.1 The table below shows the status of audit actions by the risk rating of the associated audit finding.

Action Status	Total	Critical	High	Medium	Low
Implemented	61	1	9	33	18
Partially Implemented	9	0	2	5	2
Outstanding	14	0	6	4	4
Not Yet Due	10	0	2	5	3
Extended - Not Yet Due	1	0	1	0	0
Outstanding - Previously Extended	0	0	0	0	0
<b>Total</b>	<b>95</b>	<b>1</b>	<b>20</b>	<b>47</b>	<b>27</b>

5.2 The total number of actions being tracked this quarter is 95. Sixteen completed actions over two years old have been removed from the tracker in the current period.

5.3 Any actions that are over two years old but have not been fully implemented will remain on the tracker until these have been completed and reported as implemented for at least one period.



## Status of Overdue Actions at 31 October 2023

The list is sorted and colour coded by the “age” of each audit action.

Due date	Audit	Overall Audit Opinion	Action (Summary)	Risk rating	Status	Update for Committee
Sep-22	Programmes and Project Management	Reasonable	Project Management Framework	Medium	Superseded	This action has been incorporated into SLT workstreams which are looking at the wider governance framework of the organisation. We will continue to monitor this via involvement in the workstreams.
Jan-23	7(2)d Fire Safety Visits	Reasonable	Implement QA process for 7(2)d visits	Medium	Partially Implemented	Dip test sampling has commenced. Guidance has been published in the OI policy. Underlying assurance policy is drafted, awaiting publication.
Jan-23	7(2)d Fire Safety Visits	Reasonable	Review resource for OI policy	Medium	Partially Implemented	Backlog of OIS visits cleared through temporary resource on fixed term contracts which have now concluded. Developing projections for resourcing future visits.
Jan-23	7(2)d Fire Safety Visits	Reasonable	Develop KPIs to support consistent management of performance	Low	Partially Implemented	Guidance is now complete not yet rolled out to all boroughs.
Mar-23	Asset Compliance	Limited	Reprocure statutory compliance contracts	High	Outstanding - Extend to Jan 24	Proposed to extend to January 24 in line with ongoing review of the Estates function.
Mar-23	Asset Compliance	Limited	System to record fire alarm (and other onsite) tests	Low	Outstanding - Extend to Jan 24	

Due date	Audit	Overall Audit Opinion	Action (Summary)	Risk rating	Status	Update for Committee
Mar-23	Asset Compliance	Limited	Procedure notes to be developed that explain use of BWO estates	Low	Outstanding - Extend to Jan 24	
Mar-23	Cyber Security	Reasonable	Align BCPs to IT capabilities	High	Partially Implemented	Number of tasks undertaken which have moved the organisation forward but still work to be done, the recent Threat and Vulnerability Management Audit will pick up actions which are now to be taken forward so this action is likely to be superseded by those once the remediation plan is completed.
Jul-23	Treasury Management	Reasonable	Schedule of Treasury Management Training	Low	Partially Implemented	Members received training in June 2022 but a future programme of scheduled training is yet to be finalised and discussions are ongoing over the format of this.
Jul-23	Maintenance and Testing of Operational Equipment	Limited	Station Maintenance Records	High	Outstanding - Extend to Jan 24	It has now been agreed that the new asset management system Papertrail will be rolled out to stations allowing one form of inventory and maintenance records which can be centrally accessed by all. This will be done in Phase 2 of the project which will complete by June 2024.
Sep-23	External Loans	Reasonable	Completion of responsibility matrix	Low	Outstanding	Under development.
Sep-23	Budgetary Control Processes	Reasonable	Service Engagement and Training	Medium	Outstanding - Extend to March 24	A training programme has been put together and is currently being reviewed and refined with rollout to staff expected by March 2024.

Due date	Audit	Overall Audit Opinion	Action (Summary)	Risk rating	Status	Update for Committee
Sep-23	GM One	Reasonable	Inclusion of GM One risks in GMCA risk register	Medium	Partially Implemented	Methodology for how risks will be reported and incorporated into the GMCA risk register have been agreed and will be formally enacted from the November 2023 board meeting onwards.
Sep-23	GM One	Reasonable	Promotion of the GM One Network	Medium	Outstanding	A number of individual tasks have been undertaken in this area but there is more work required to embed a suitable pathway going forward, work is ongoing in this area though.
Sep-23	Waste Assets	Limited	Completion of safety risk assessments	High	Partially Implemented	All required risk assessments have now been identified and the majority completed, the final few assessments are expected to be completed and reviewed by the end of November 2023.
Sep-23	Waste Assets	Limited	Maintenance Schedules to be developed	Medium	Partially Implemented	A draft maintenance schedule has been created and is currently going through the review process to ensure all elements have been completed. We expect this to complete by November 2023.
Sep-23	Waste Assets	Limited	Compliance Monitoring and Reporting (Cat A sites)	Medium	Partially Implemented	An initial review has been completed to identify all work recently undertaking, work in ongoing with Suez to ensure that all required monitoring is included and to determine how results of these checks will be shared going forward.
Sep-23	Waste Assets	Limited	Record actions arising from compliance checks and follow up	Low	Outstanding	This action will follow on from completion of the risk assessments and maintenance schedules. We expect work to have

Due date	Audit	Overall Audit Opinion	Action (Summary)	Risk rating	Status	Update for Committee
						progressed on this by the end of the Calander year.
Oct-23	CCTV compliance	Limited	Publish up to date CCTV Policy	High	Outstanding - Extend to Jan 24	Extended to Jan 24
Oct-23	CCTV compliance	Limited	Complete inventory of CCTV Assets	High	Outstanding - Extend to Jan 24	Extended to Jan 24
Oct-23	CCTV compliance	Limited	DPIA for GMFRS CCTV assets	High	Outstanding - Extend to Jan 24	Extended to Jan 24
Oct-23	CCTV compliance	Limited	Installation of all relevant signage	Medium	Outstanding - Extend to Dec 23	Extended to Dec 23
Oct-23	Use of consultants	Limited	Develop procedure for appointing consultants	High	Outstanding	Awaiting update
Oct-23	Performance Management	Reasonable	Align Business Planning and Budgeting activities	Medium	Outstanding	Awaiting update

## Audit Committee

Date: 15 November 2023

Subject: Treasury Management Strategy Statement and Annual Investment Strategy  
Mid-Year Review Report 2023/24

Report of: Steve Wilson, Treasurer

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### Purpose of Report

This report has been written in accordance with the requirements of CIPFA's Code of Practice on Treasury Management (revised 2021), and covers the following:

- a) An economic update for the first half of the 2023/24 financial year;
- b) A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- c) The Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- d) A review of the Authority's investment portfolio for 2023/24;
- e) A review of the Authority's borrowing strategy for 2023/24;
- f) A review of any debt rescheduling undertaken during 2023/24;
- g) A review of compliance with Treasury and Prudential Limits for 2023/24.

### Recommendations:

The Audit Committee is requested to:

- 1. Comment and note the report and treasury activity; and
- 2. Recommend its approval to the GMCA.

### Contact Officers

Steve Wilson, GMCA Treasurer

[Steve.Wilson@greatermanchester-ca.gov.uk](mailto:Steve.Wilson@greatermanchester-ca.gov.uk)

Rachel Rosewell

Deputy Treasurer, GMCA

[Rachel.Rosewell@greatermanchester-ca.gov.uk](mailto:Rachel.Rosewell@greatermanchester-ca.gov.uk)

Lindsey Keech

Head of Finance – Capital and Treasury Management

[Lindsey.keech@greatermanchester-ca.gov.uk](mailto:Lindsey.keech@greatermanchester-ca.gov.uk)

Report authors must identify which paragraph relating to the following issues:

### **Equalities Impact, Carbon and Sustainability Assessment:**

N/A

### **Risk Management**

There are considerable risks to the security of the GMCA's resources if appropriate Treasury Management strategies and policies are not adopted and followed. The GMCA has established good practice in relation to Treasury Management.

### **Legal Considerations**

This report fulfils the statutory requirements to have the necessary prudential indicators to be included in a Treasury Management Strategy.

### **Financial Consequences – Revenue**

Financial revenue consequences are contained within the body of the report.

### **Financial Consequences – Capital**

Financial capital consequences are contained within the body of the report.

### **Number of attachments to the report:**

None

### **Comments/recommendations from Overview & Scrutiny Committee**

N/A

### **Background Papers**

Treasury Management Strategy Statement 2023/24, GMCA 24 March 2023

Quarterly Treasury Management Update, Audit Committee 20 September 2023

GMCA Capital Update Quarter 2 2023/24, GMCA 27 October 2023

### **Tracking/ Process**

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

No

### **Exemption from call in**

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

N/A

### **GM Transport Committee**

N/A

### **Overview and Scrutiny Committee**

N/A

# **1. Background**

## **1.1. Capital Strategy**

1.1.1 In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following:

- a) a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- b) an overview of how the associated risk is managed;
- c) the implications for future financial sustainability.

## **1.2. Treasury management**

1.2.1 The Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

1.2.2 The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning to ensure the Authority can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Authority risk or cost objectives.

1.2.3 Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

# **2. Introduction**

2.1 This report has been written in accordance with the requirements of CIPFA's Code of Practice on Treasury Management (revised 2021).



2.2 The primary requirements of the Code are as follows:

- a) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities.
- b) Creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.
- c) Receipt by the GMCA of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year. (Quarterly reports are also required for the periods ending April to June and October to December but may be assigned to a designated committee or panel as deemed appropriate to meet the Treasury Management governance and scrutiny aspects of the Authority.)
- d) Delegation by the GMCA of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- e) Delegation by the GMCA of the role of scrutiny of treasury management strategy and policies to a specific named body. For the GMCA the delegated body is the Audit Committee.

### **3. Economics and Interest Rates**

#### **3.1. Economics Update**

3.1.1 The first half of 2023/24 saw:

- a) Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- b) Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- c) A 0.5% month on month (m/m) decline in real Gross Domestic Product (GDP) in July 2023, mainly due to more strikes.
- d) Consumer Price Index (CPI) inflation falling from 8.7% in April 2023 to 6.7% in August 2023, its lowest rate since February 2022, but still the highest in the G7.

- e) Core CPI inflation declining to 6.2% in August 2023 from 7.1% in April 2023 and May 2023, a then 31 years high.
  - f) A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August 2023, excluding bonuses).
- 3.1.2 The 0.5% m/m fall in GDP in July 2023 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July 2023 was due to there being almost twice as many working days lost to strikes in July 2023 (281,000) than in June 2023 (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- 3.1.3 The fall in the composite Purchasing Managers Index from 48.6 in August 2023 to 46.8 in September 2023 left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April 2023 to June 2023, being followed by a contraction of up to 1% in the second half of 2023.
- 3.1.4 The 0.4% m/m rebound in retail sales volumes in August 2023 is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July 2023. Sales volumes in August 2023 were 0.2% below their level in May 2023, suggesting much of the resilience in retail activity in the first half of the year has faded.
- 3.1.5 As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- 3.1.6 The tightness of the labour market continued to ease, with employment in the three months to July 2023 falling by 207,000. The further decline in the number of

job vacancies from 1.017m in July 2023 to 0.989m in August 2023 suggests that the labour market has loosened a bit further since July 2023. That is the first time it has fallen below 1m since July 2021. At 3.0% in July 2023, and likely to have fallen to 2.9% in August 2023, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July 2023 offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July 2023 as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- 3.1.7 But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June 2023 to -0.9% in July 2023, a lot of that was due to the one-off bonus payments for National Health Service (NHS) staff in June 2023 not being repeated in July 2023. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant United Kingdom (UK) wage growth remains much faster than in the United States (US) and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July 2023, from 8.2% 3myy in June 2023 to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September 2023.
- 3.1.8 CPI inflation declined from 6.8% in July 2023 to 6.7% in August 2023, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March 2023 and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July 2023 to a 29-month low of 1.5% in August 2023, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March 2023 and takes it below the forecast of 7.2% the Bank of England published in early August 2023.
- 3.1.9 In its latest monetary policy meeting on 20 September 2023, the Bank of England left interest rates unchanged at 5.25%. The weak August 2023 CPI inflation release, the recent loosening in the labour market and the downbeat activity

surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was “finely balanced”. Five Monetary Policy Committee (MPC) members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

- 3.1.10 Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures “further tightening in policy would be required”. Governor Bailey stated, “we’ll be watching closely to see if further increases are needed”. The Bank also retained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long”.
- 3.1.11 This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2 November 2023, or even pause in November 2023 and raise rates in December 2023.
- 3.1.12 The yield on 10-year Gilts fell from a peak of 4.74% on 17 August 2023 to 4.44% on 29 September 2023, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
- 3.1.13 The pound weakened from its cycle high of \$1.30 in the middle of July 2023 to \$1.21 in late September 2023. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.

3.1.14 The Financial Times Stock Exchange (FTSE) 100 has gained more than 2% since the end of August 2023, from around 7,440 on 31 August 2023 to 7,608 on 29 September 2023. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September 2023. Nonetheless, as recently as 21 April 2023 the FTSE 100 stood at 7,914.

## 3.2. Interest Rate Forecasts

3.2.1 The Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The Public Works Loan Board (PWLB) rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

3.2.2 The latest forecast on 25 September 2023 sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

3.2.3 Link's 25 September 2023 PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1 November 2012.

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Bank Rate	5.25	5.25	5.25	5.00	4.5	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

## 4. Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1 The Treasury Management Strategy Statement, (TMSS), for 2023/24 was approved by the GMCA on 24 March 2023. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

<b>Prudential Indicator 2023/24</b>	<b>Budget</b>	<b>Revised Prudential Indicator</b>
	<b>£m</b>	<b>£m</b>
Authorised Limit	2,771.458	2,692.716
Operational Boundary	2,652.122	2,576.816
Capital Financing Requirement	2,486.166	2,414.582

## 5. The Authority's Capital Position (Prudential Indicators)

5.1 This part of the report is structured to update:

- a) The Authority's capital expenditure plans;
- b) How these plans are being financed;
- c) The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- d) Compliance with the limits in place for borrowing activity.

### 5.2 Prudential Indicator for Capital Expenditure

5.2.1 This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

<b>Capital Expenditure by Service</b>	<b>2023/24 Original Estimate £m</b>	<b>2023/24 Revised Estimate £m</b>
Transport	346.419	320.458
Economic Development & Regeneration	215.407	281.016
Fire & Rescue Service	23.177	18.175
Waste & Resources Service	6.780	3.793
Police and Crime Commissioner	-	0.203
Police Service	37.551	41.583
<b>Total Capital Expenditure</b>	<b>629.334</b>	<b>665.228</b>

### 5.3 Changes to the Financing of the Capital Programme

5.3.1 The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Authority by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2023/24	2023/24
	Original Estimate	Revised Estimate
	£m	£m
Total capital expenditure	629.334	665.228
Financed by:		
Capital receipts	175.547	168.455
Capital grants	230.327	286.878
Revenue	45.916	46.467
Total financing	451.790	501.800
<b>Borrowing requirement</b>	<b>177.544</b>	<b>163.428</b>

### 5.4 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

5.4.1 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

	2023/24	2023/24
	Original Estimate	Revised Estimate
	£m	£m
<b>Prudential Indicator – Capital Financing Requirement</b>		
CFR	2,486.166	2,414.582
Net movement in CFR	78.325	68.607
<b>Prudential Indicator – the Operational Boundary for external debt</b>		
Borrowing	2,615.446	2,540.140
Other long-term liabilities	36.676	36.676

## 5.5 Limits to Borrowing Activity

5.5.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Authority has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2023/24 Original Estimate £m	2023/24 Revised Estimate £m
Borrowing	1,457.676	1,461.033
Other long-term liabilities	32.998	32.998
<b>Total debt</b>	<b>1,490.674</b>	<b>1,494.031</b>
<b>CFR</b>	<b>2,486.166</b>	<b>2,414.582</b>

5.5.2 A further prudential indicator controls the overall level of borrowing. This is **the Authorised Limit** which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

	2023/24 Original Indicator £m	2023/24 Revised Indicator £m
Borrowing	2,734.782	2,656.040
Other long-term liabilities	36.676	36.676
<b>Total</b>	<b>2,771.458</b>	<b>2,692.716</b>



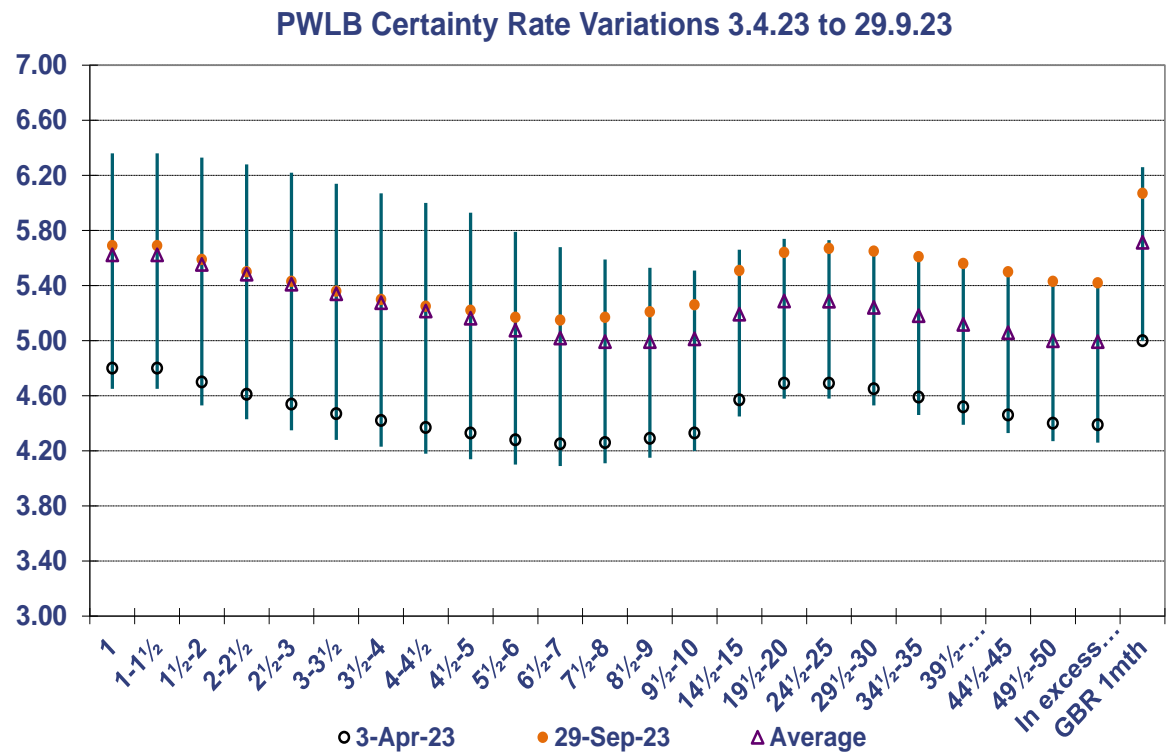
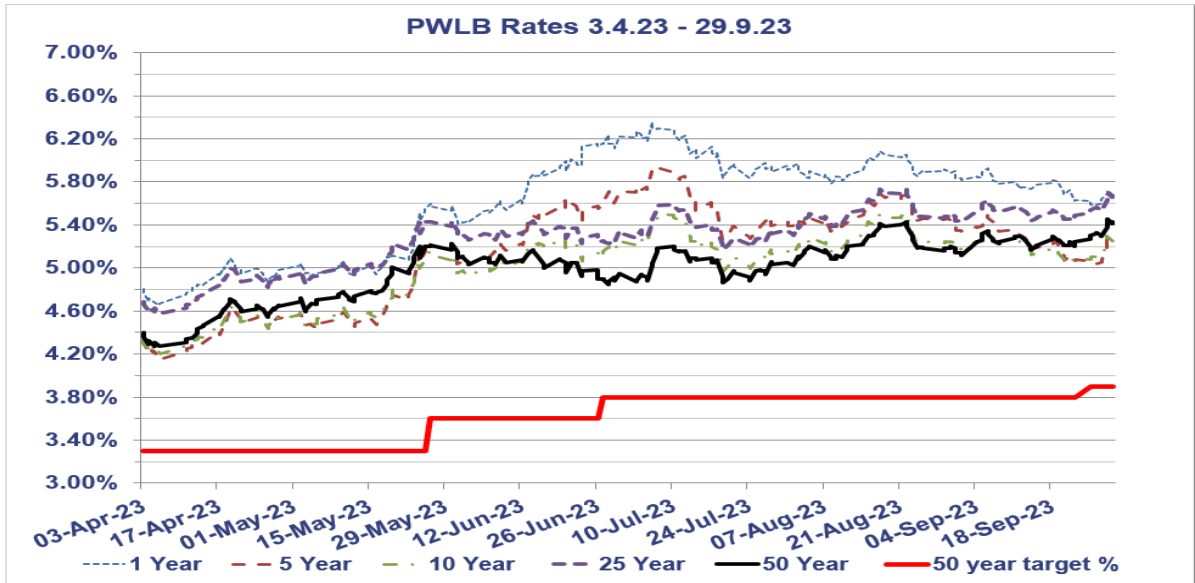
## **6. Borrowing**

- 6.1 The Authority's capital financing requirement (CFR) for 2023/24 is £2,414.582m. The CFR denotes the Authority's underlying need to borrow for capital purposes. If the CFR is positive the Authority may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.5.1 shows the Authority is forecast to have borrowings of £1,494m and will utilise £921m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if further upside risk to gilt yields prevails.
- 6.2 Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), the capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, to achieve optimum value and risk exposure in the long-term.

### **6.4 PWLB maturity certainty rates (gilts plus 80bps) year to date to 29 September 2023**

- 6.4.1 Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April 2023, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.
- 6.4.2 July 2023 saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August 2023 and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5 April 2023 but rose to 5.45% on 28 September 2023.
- 6.4.3 We forecast rates to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and we forecast 50-year rates to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

6.4.4 PWLB Rates 3 April 2023 – 29 September 2023



6.4.5 High/ Low/ Average PWLB Rates for 3 April 2023 – 29 September 2023

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.14%	4.20%	4.58%	4.27%
<b>Date</b>	6 April 2023	6 April 2023	6 April 2023	6 April 2023	5 April 2023

	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>25 Year</b>	<b>50 Year</b>
<b>High</b>	6.36%	5.93%	5.51%	5.73%	5.45%
<b>Date</b>	6 July 2023	7 July 2023	22 August 2023	17 August 2023	28 September 2023
<b>Average</b>	5.62%	5.16%	5.01%	5.29%	5.00%
<b>Spread</b>	1.71%	1.79%	1.31%	1.15%	1.18%

The current PWLB rates are set as margins over gilt yields as follows:

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate (GF)** is gilt plus 80 basis points (G+80bps)
- **PWLB Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)
- **PWLB Certainty Rate (HRA)** is gilt plus 40bps (G+40bps)

The **UK Infrastructure Bank** will lend to local authorities that meet its scheme criteria at a rate currently set at gilt plus 40bps (G+40bps).

## **7. Debt Rescheduling**

7.1 Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

## **8. Compliance with Treasury and Prudential Limits**

8.1 It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2023, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2023/24. The Treasurer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

8.2 All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.

## **9. Annual Investment Strategy**

9.1. The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Authority on 24 March 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Authority's investment priorities as being:

- a) Security of capital
- b) Liquidity
- c) Yield

9.2 The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Authority's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

### **9.3 Creditworthiness**

9.3.1 Following the Government's fiscal event on 23 September 2022, both Standard & Poor and Fitch placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in the first half of 2023/24.

### **9.4 Investment Counterparty criteria**

9.4.1 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

9.4.2 The Authority operates a pooled arrangement with its subsidiary, Transport for Greater Manchester (TfGM), for cash balances. This prevents the risk of both organisations investing in the same counterparty. The Authority does not treat TfGM as needing a criteria as a counterparty for treasury investment purposes.

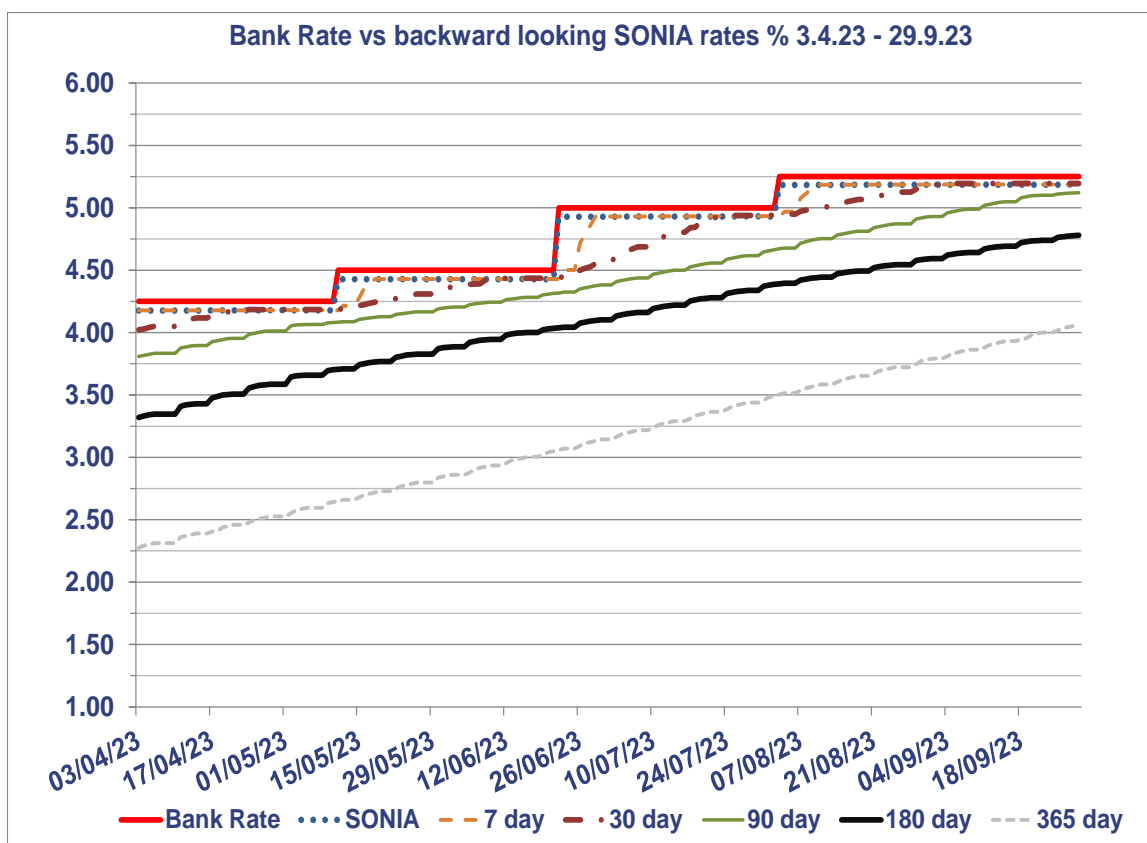
### **9.5 CDS prices**

9.5.1 It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

## 9.6 Investment balances

9.6.1 The average level of funds available for investment purposes during the first half of the financial year was **£366.3m**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

9.6.2 Investment performance year to date as of 29 September 2023



	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
<b>High</b>	5.25%	5.19%	5.19%	5.20%	5.12%	4.78%	4.06%
<b>High date</b>	3 August 2023	29 September 2023	4 September 2023	27 September 2023	29 September 2023	29 September 2023	29 September 2023
<b>Low</b>	4.25%	4.18%	4.18%	4.02%	3.81%	3.32%	2.27%
<b>Low date</b>	3 April 2023	4 April 2023	11 April 2023	3 April 2023	3 April 2023	3 April 2023	3 April 2023
<b>Average</b>	4.81%	4.74%	4.71%	4.64%	4.44%	4.10%	3.16%
<b>Spread</b>	1.00%	1.01%	1.01%	1.17%	1.31%	1.46%	1.79%

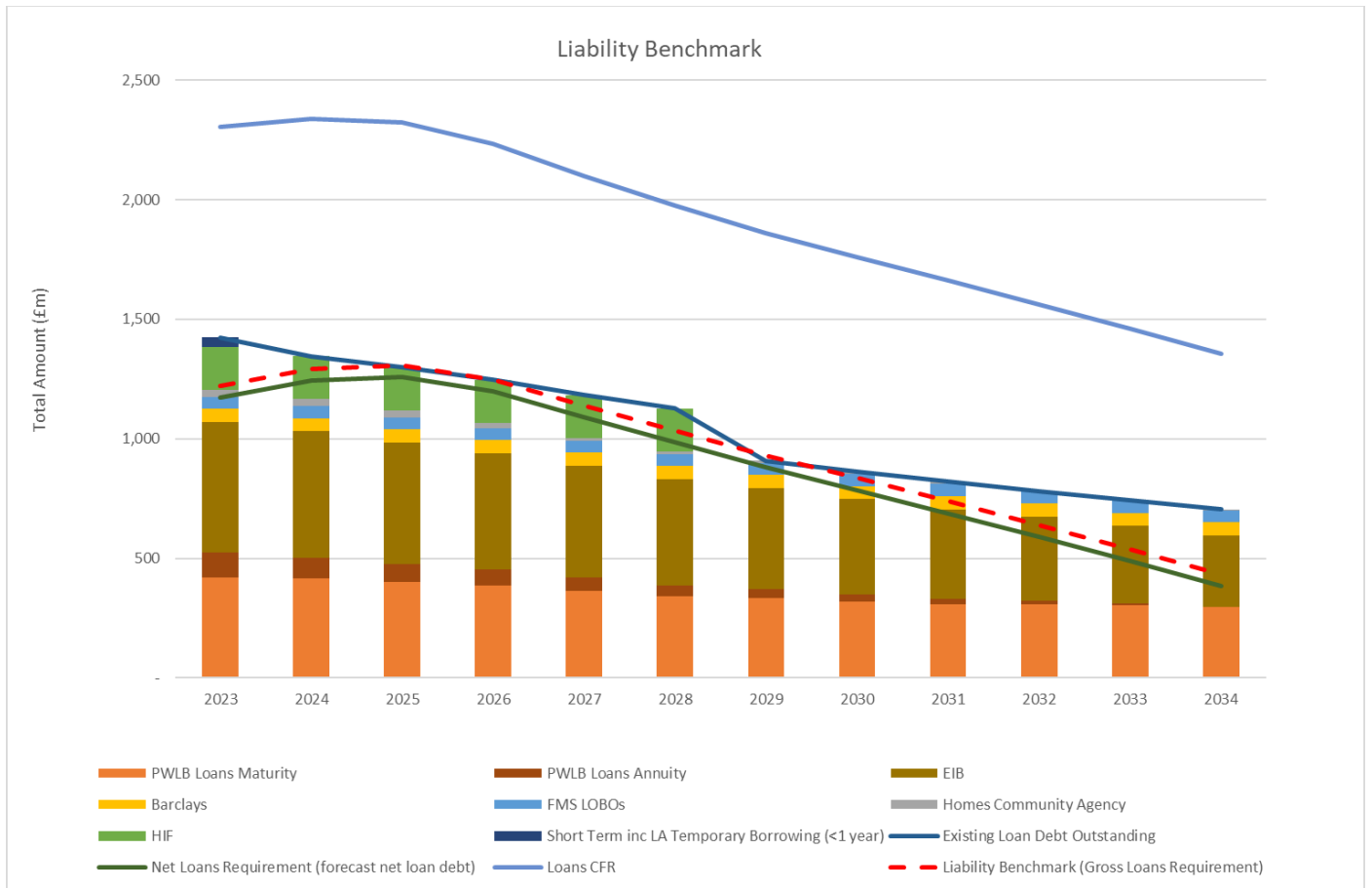
## 9.7 Investment performance year to date as of 30 September 2023

9.7.1 The Authority underperformed the benchmark by 6 bps. The Authority's budgeted investment return for 2023/24 is £2.257m, and performance for the year to date is £6.319m above budget.

## **9.8 Approved limits**

- 9.8.1 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30 September 2023.

# APPENDIX 1: the CFR, Liability Benchmark and Borrowing



## APPENDIX 2: Investment Portfolio

Investments held as of 30 September 2023 compared to our counterparty list:

	Borrower	Principal £m	Interest Rate	Start Date	Maturity Date	Lowest LT/ Fund Rating	Historic Risk of Default
	Barclays Bank Plc (NRFB)	7.240	4.80%		Call	A+	0.000%
	MMF Aberdeen Standard Investments	24.950	5.35%		MMF	AAAm	
	MMF Aviva	25.000	5.26%		MMF	AAAm	
	MMF BlackRock	25.000	5.21%		MMF	AAAm	
	MMF CCLA	24.620	5.07%		MMF	AAAm	
	MMF Federated Investors (UK)	25.000	5.39%		MMF	AAAm	
	Cornwall Council	10.000	5.18%	31-Aug-23	02-Oct-23	AA-	0.000%
	DMO	15.000	5.25%	20-Sep-23	02-Oct-23	AA-	0.000%
	SMBC Bank International Plc	10.000	5.32%	18-Aug-23	02-Oct-23	A-	0.000%
	Cornwall Council	10.000	4.20%	05-Apr-23	05-Oct-23	AA-	0.000%
	DMO	5.630	5.17%	29-Sep-23	05-Oct-23	A-	0.000%
	Eastleigh Borough Council	15.000	5.25%		Call7	AA-	0.000%
	Eastleigh Borough Council	5.000	5.25%		Call7	AA-	0.000%
	Leeds City Council	10.000	5.25%		Call7	AA-	0.000%
	Plymouth City Council	10.000	4.25%	13-Apr-23	13-Oct-23	AA-	0.000%
	West Midlands Combined Authority	20.000	5.30%	15-Sep-23	13-Oct-23	AA-	0.001%
	Stockport Metropolitan Borough Council	10.000	5.30%	21-Sep-23	16-Oct-23	AA-	0.001%
	Lloyds Bank Plc (RFB)	6.500	4.87%	18-Apr-23	18-Oct-23	A+	0.002%
	Standard Chartered Bank (ESG)	10.000	4.71%	18-Apr-23	18-Oct-23	A+	0.002%
	Lancashire County Council	5.000	4.25%	21-Apr-23	23-Oct-23	AA-	0.001%
	Ashford Borough Council	6.000	4.25%	24-Apr-23	24-Oct-23	AA-	0.001%
	Central Bedfordshire Council	10.000	4.21%	27-Apr-23	27-Oct-23	AA-	0.002%
	Lancashire County Council	15.000	4.45%	28-Apr-23	30-Oct-23	AA-	0.001%
	Leeds City Council	10.000	5.50%	22-Sep-23	03-Nov-23	AA-	0.002%
	Central Bedfordshire Council	10.000	5.37%	24-Aug-23	24-Nov-23	AA-	0.003%
	London Borough of Barking & Dagenham	5.000	5.35%	26-Sep-23	27-Nov-23	AA-	0.004%
	Wirral Metropolitan Borough Council	5.000	5.35%	29-Sep-23	30-Nov-23	AA-	0.004%
	SMBC Bank International Plc	10.000	5.64%	18-Aug-23	18-Dec-23	A-	0.010%
	Standard Chartered Bank (ESG)	10.000	5.51%	18-Sep-23	18-Dec-23	A+	0.010%
	National Westminster Bank plc (RFB)	10.000	5.59%	19-Sep-23	19-Dec-23	A+	0.010%
	SMBC Bank International Plc	5.000	5.59%	21-Sep-23	21-Dec-23	A-	0.010%
	Standard Chartered Bank (ESG)	5.000	5.59%	06-Sep-23	05-Jan-24	A+	0.012%
	Santander UK PLC	10.000	5.40%	26-Sep-23	01-Feb-24	A	0.015%
	National Westminster Bank plc (RFB)	10.000	5.44%	25-Sep-23	26-Feb-24	A+	0.018%
	Transport for Greater Manchester	13.957	0.00%		Call		
	<b>Total Investments</b>	<b>408.897</b>	<b>5.14%</b>				<b>0.004%</b>



## **APPENDIX 3: Approved Countries for Investments as of 30 September 2023**

Based on lowest available rating

### **AAA**

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

### **AA+**

- Canada
- Finland
- U.S.A.

### **AA**

- Abu Dhabi (UAE)

### **AA-**

- Belgium
- France (downgraded by Fitch on 9 May 2023)
- Qatar
- U.K.

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# Audit Progress Report

## Greater Manchester Combined Authority

November 2023  
Page 95



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2. National Publications

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# 01

## Section 01: **Audit Progress**

# Audit Progress

## Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditors.

## Audit progress

### 2021/22

#### Financial Statements Audit

We plan to sign off the 2021/22 financial statements audit on the 9th November 2023. An Audit Completion Report follow up letter will be shared with Committee members at the same time (communicating the conclusion of those matters that were marked as outstanding within the Audit Completion Report dated March 2023).

#### Value for Money (VFM)

We plan to issue our Auditor's Annual Report which includes our VFM commentary by the end of November 2023. This will include our follow up of progress against the significant weaknesses identified as part of the 2020/21 value for money work.

### 2022/23 audit

As previously reported, the Authority has published a statement in respect of the delay in the production of the 2022/23 statement of accounts. These were published on 31 July 2023.

At this stage, we expect to commence work in January 2024 on the accounts and VFM reporting. However, if this timeframe changes, we will discuss with management.

# 02

## Section 02: **National Publications**

# National publications

	Publication/update	Key points
<b>Publications</b>		
1	NAO report – Investigation into the homes for Ukraine scheme	The NAO has published its investigation into the Homes for Ukraine scheme. The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.
2	NAO insight - Financial management in government: strategic planning and budgeting	The NAO has published a good practice guide in financial management/ The guide is aimed at senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting.
3	NAO report - Approaches to achieving net zero across the UK	The NAO has published its report on Approaches to achieving net zero across the UK. This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, NAO and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments’ legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions.



# NATIONAL PUBLICATIONS

## Publications

### 1. NAO Report – Investigation into the Homes for Ukraine Scheme

The NAO has published its investigation into the Homes for Ukraine scheme. The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.

Any adult is able to act as a sponsor providing they pass eligibility checks conducted by the Home Office and local authorities. Sponsors must commit to hosting for a minimum of six months and can claim thank you payments from government for providing suitable accommodation for Ukrainians to live in of £350 per month for the first 12 months, and then £500 for the next 12 months. In addition, the local authority where the sponsor is based receives a one-off payment of £10,500 per arrival (reduced to £5,900 for all arrivals after 31 December 2022) to help with support and integration needs.

The scheme is jointly run by the Department for Levelling Up, Housing & Communities (DLUHC) and the Home Office, who established a joint taskforce in March 2022. The Home Office primarily leads on operational matters relating to the processing of visas and checks on the suitability of the sponsor. DLUHC leads on all aspects of the scheme from the point of arrival of Ukrainians into the UK, working closely with local authorities and devolved governments.

Page 101  
Scope of the report

The first people to arrive in the UK under the scheme are now halfway through their permitted stay, and the emergency phase of the UK government's response to the Ukraine refugee crisis has come to a close. This report aims to increase transparency by taking stock of what has been achieved to date, for what cost, and what can be learned. The report sets out:

- how the scheme was set up at speed and the scheme objectives
- arrival numbers and the checks conducted on applicants and sponsors
- the funding provided
- challenges and future risks with the scheme

This investigation does not seek to examine and report on the value for money of the scheme.

<https://www.nao.org.uk/reports/investigation-into-the-homes-for-ukraine-scheme/>

# NATIONAL PUBLICATIONS

## Publications continued

### 2. NAO insight - Financial management in government: strategic planning and budgeting

The NAO has published a good practice guide in financial management aimed at senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting. Planning in a strategic and realistic way gives organisations the best chance to thrive – to help inform trade-offs and operate in an effective and efficient way.

The guide outlines how finance leaders can plan strategically and realistically to:

- Align strategy and planning
- Make planning inclusive
- Plan dynamically
- Address optimism bias
- Deal with risk and uncertainty

The insights have been drawn from NAO reports, the experiences of NAO audit teams, and the thoughts of a range of senior finance decision-makers.

[Financial management in government: strategic planning and budgeting - NAO insight](#)

# NATIONAL PUBLICATIONS

## Publications continued

### 3. NAO report - Approaches to achieving net zero across the UK

The NAO has published a report – Approaches to achieving net zero across the UK. This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, NAO and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments' legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions.

This work has several aims:

- To set out how the responsibilities and powers for achieving the net zero target are split between the UK government and each of the devolved governments.
- To provide insight and stimulate public discussion on each UK nation's overall approach to achieving net zero.
- To support the scrutiny of governments' arrangements to achieve net zero.
- To lay the foundations for potential further work on climate change by the UK's public audit offices.

The report include the following key themes:

- The four nations have different emissions profiles and varied approaches to achieving net zero, but the choices they make must ultimately deliver net zero at the UK level.
- Given the different net zero targets, carbon budgets and policies across the nations, there will be opportunities for the governments to learn from each other.
- Achieving net zero in any one nation depends on UK-level action, and vice versa.
- Effective working relationships and close engagement between the UK and devolved governments will be vital to achieving the overall aim of net zero.

<https://www.nao.org.uk/reports/approaches-to-achieving-net-zero-across-the-uk/>

# Contact

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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## GMCA Audit Committee –Work Programme 2023/24

**15 November 2023**

### Standing Items

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the last meeting	Governance	5 mins
5	Update from the Joint Audit Panel	Governance	2 mins

### Risk and Assurance

6	Risk Deep Dive - Trailblazer and Single Settlement	Treasurer/Risk Owner	20 mins
7	Fire Service Recruitment and Vetting Part B item	Risk Owner	20 mins

### Internal Audit and Counter Fraud

8	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
9	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins

### Financial Reporting

10	Treasury Management Strategy – Mid-year report	Treasurer	10 mins
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### External Audit

11	External Audit Progress Report	External Audit	15 mins
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### Forward planning

12	Audit Committee Work Programme	Chair	5 mins
13	Date and time of next meeting	Governance	

**24<sup>th</sup> January 2024**

**Standing Items**

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the previous Audit Committee meeting	Governance	5 mins
5	Minutes from the Joint Audit Panel	Governance	5 mins

**Risk and Assurance**

6	Risk Management Update	Deputy Director of Audit and Assurance	10 mins
7	Risk Deep Dive - Cyber and Artificial Intelligence (AI)	Deputy Director of Audit & Assurance/Risk Owner	20 mins
8	Review of Corporate Risk Register	Deputy Director of Audit and Assurance	10 mins

**Internal Audit and Counter Fraud**

9	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
10	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins
11	Planning for the 2023/24 Audit Opinion	Treasurer	

**Financial Reporting**

12	Treasury Management Strategy	Treasurer	
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**External Audit**

13	External Audit Progress Report	External Audit	10 mins
14	Audit Strategy Memorandum	External Audit	10 mins

### Forward planning

15	Audit Committee Work Programme	Chair	5 mins
16	Date and time of next meeting	Governance	5 mins

### 13<sup>th</sup> March 2024

### Standing Items

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the previous Audit Committee meeting	Governance	5 mins
5	Minutes from the Joint Audit Panel	Governance	5 mins
6	Audit Committee Effectiveness	Deputy Director of Audit and Assurance / Chair	10 mins

### Risk and Assurance

7	Risk Management Update	Deputy Director of Audit and Assurance	10 mins
8	Risk Deep Dive	Deputy Director of Audit and Assurance	30 mins

### Internal Audit and Counter Fraud

9	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
10	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins

11	Review of effectiveness of Internal Audit	Treasurer	10 mins
12	Internal Audit Plan 2024/25	Deputy Director of Audit and Assurance	10 mins
13	Review of Internal Audit Charter.	Deputy Director of Audit and Assurance	5 mins

### **Financial Reporting**

14	Accounting Policies and Critical Judgements	Treasurer	10 mins
15	Treasury Management Practices	Treasurer	

### **External Audit**

16	External Audit Progress Report	External Audit	10 mins
17	Value for Money Report	External Audit	

### **Forward planning**

18	Audit Committee Work Programme	Chair	5 mins
19	Date and time of next meeting	Governance	



## Matters considered by the Committee

### June 2023 - Inquorate meeting

<b>Annual meeting Business</b>			
1	Apologies	Governance	
2	Appointment Of Chair	Governance	deferred
3	Chairs Announcements and Urgent Business	Chair	deferred
4	Membership of the Committee 2023-2024	Governance	deferred
5	Annual Declarations of Interest	Governance	deferred
6	Audit Committee Terms of Reference	Governance	deferred
7	Code Of Corporate Governance	Governance	deferred
<b>Ordinary Meeting Business:-</b>			
8	Declarations of Interest	Governance	
9	Minutes of the Previous Audit Committee Meeting	Governance	deferred
10	Minutes From the Joint Audit Panel	Governance	deferred

### Standing Items:-

11	Risk Management Update	Deputy Director of Audit and Assurance	deferred
12	Internal Audit Annual Opinion 2022/23	Deputy Director of Audit and Assurance	deferred
13	Internal Audit Plan	Deputy Director of Audit and Assurance	deferred
14	Audit Action Tracking (Including Historic Audit Actions)	Deputy Director of Audit and Assurance	deferred
15	Introduction to GMCA People Services Function	Director of People Services, GMCA	deferred

16	Management Update on Implementation of Behaviour Policies - Declarations of Interest and Gifts & Hospitality.	Director of People Services, GMCA	deferred
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### Financial Reporting

17	Draft Annual Governance Statement	Treasurer	deferred
18	Assessment Of Going Concern		deferred
19	Unaudited Draft Statement of Accounts 2022-23	Treasurer	deferred
20	Treasury Management Annual Report	Treasurer	deferred

### External Audit

21	External Audit Progress Report	External Audit	deferred
22	Value For Money Report	External Audit	deferred

### Forward Planning

23	Audit Committee Work Programme	Governance/Chair	deferred
24	Date And Time of Next Meeting	Governance	

## 20<sup>th</sup> September 2023

<b>Annual meeting Business</b>		
Apologies	Governance	
Appointment Of Chair	Governance	
Chairs Announcements and Urgent Business	Chair	
Membership of the Committee 2023-2024	Governance	
Annual Declarations of Interest	Governance	
Audit Committee Terms of Reference	Governance	
Code Of Corporate Governance	Governance	

### **Standing Items**

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	
3	Declarations of Interest	Governance	
4	Minutes of the previous Audit Committee Meeting	Governance	5 mins
5	Update from the Joint Audit Panel	Governance	2 mins
6	Audit Committee Annual Report	Chair	10 Mins
7	Annual Governance Statement (final)	Governance	10 mins

### **Risk and Assurance**

8	Risk Management Update	Deputy Director of Audit and Assurance	10 mins
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9	Internal Audit Progress Report	Deputy Director of Audit and Assurance	10 mins
10	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins
11	Internal Audit Annual Opinion 2022/23	Deputy Director of Audit and Assurance	10 mins

### Financial Reporting

12	Quarterly Treasury Management Update – 30 June 2023		
13	Unaudited Statement of Accounts 2022/23	Treasurer	10 Mins
14	Letter Of Representation	Treasurer	
15	Assessment of Going Concern	Treasurer	10 Mins

### External Audit

16	External Audit Progress Report	External Audit	10 Mins
17	Final Statement of Accounts – report of the External Auditors	External Audit	
18	Annual Audit Letters	External Audit	
19	Value For Money Report	External Audit	10 Mins

### Forward planning

20	Audit Committee Work Programme	Chair	5 mins
21	Date and time of next meeting	Governance	

## GMCA Audit Committee –Work Programme 2023/24

**15 November 2023**

### **Standing Items**

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the last meeting	Governance	5 mins
5	Update from the Joint Audit Panel	Governance	2 mins

### **Risk and Assurance**

6	Risk Deep Dive - Trailblazer and Single Settlement	Treasurer/Risk Owner	20 mins
7	Fire Service Recruitment and Vetting Part B item	Risk Owner	20 mins

### **Internal Audit and Counter Fraud**

8	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
9	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins

### **Financial Reporting**

10	Treasury Management Strategy – Mid-year report	Treasurer	10 mins
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### **External Audit**

11	External Audit Progress Report	External Audit	15 mins
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### **Forward planning**

12	Audit Committee Work Programme	Chair	5 mins
13	Date and time of next meeting	Governance	

## 24<sup>th</sup> January 2024

### **Standing Items**

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the previous Audit Committee meeting	Governance	5 mins
5	Minutes from the Joint Audit Panel	Governance	5 mins

### **Risk and Assurance**

6	Risk Management Update	Deputy Director of Audit and Assurance	10 mins
7	Risk Deep Dive - Cyber and Artificial Intelligence (AI)	Deputy Director of Audit & Assurance/Risk Owner	20 mins
8	Review of Corporate Risk Register	Deputy Director of Audit and Assurance	10 mins

### **Internal Audit and Counter Fraud**

9	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
10	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins
11	Planning for the 2023/24 Audit Opinion	Treasurer	

### **Financial Reporting**

12	Treasury Management Strategy	Treasurer	
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### **External Audit**

13	External Audit Progress Report	External Audit	10 mins
14	Audit Strategy Memorandum	External Audit	10 mins

### Forward planning

15	Audit Committee Work Programme	Chair	5 mins
16	Date and time of next meeting	Governance	5 mins

### 13<sup>th</sup> March 2024

### Standing Items

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the previous Audit Committee meeting	Governance	5 mins
5	Minutes from the Joint Audit Panel	Governance	5 mins
6	Audit Committee Effectiveness	Deputy Director of Audit and Assurance / Chair	10 mins

### Risk and Assurance

7	Risk Management Update	Deputy Director of Audit and Assurance	10 mins
8	Risk Deep Dive	Deputy Director of Audit and Assurance	30 mins

### Internal Audit and Counter Fraud

9	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
10	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins

11	Review of effectiveness of Internal Audit	Treasurer	10 mins
12	Internal Audit Plan 2024/25	Deputy Director of Audit and Assurance	10 mins
13	Review of Internal Audit Charter.	Deputy Director of Audit and Assurance	5 mins

### **Financial Reporting**

14	Accounting Policies and Critical Judgements	Treasurer	10 mins
15	Treasury Management Practices	Treasurer	

### **External Audit**

16	External Audit Progress Report	External Audit	10 mins
17	Value for Money Report	External Audit	

### **Forward planning**

18	Audit Committee Work Programme	Chair	5 mins
19	Date and time of next meeting	Governance	



## Matters considered by the Committee

### June 2023 - Inquorate meeting

<b>Annual meeting Business</b>			
1	Apologies	Governance	
2	Appointment Of Chair	Governance	deferred
3	Chairs Announcements and Urgent Business	Chair	deferred
4	Membership of the Committee 2023-2024	Governance	deferred
5	Annual Declarations of Interest	Governance	deferred
6	Audit Committee Terms of Reference	Governance	deferred
7	Code Of Corporate Governance	Governance	deferred
<b>Ordinary Meeting Business:-</b>			
8	Declarations of Interest	Governance	
9	Minutes of the Previous Audit Committee Meeting	Governance	deferred
10	Minutes From the Joint Audit Panel	Governance	deferred

### Standing Items:-

11	Risk Management Update	Deputy Director of Audit and Assurance	deferred
12	Internal Audit Annual Opinion 2022/23	Deputy Director of Audit and Assurance	deferred
13	Internal Audit Plan	Deputy Director of Audit and Assurance	deferred
14	Audit Action Tracking (Including Historic Audit Actions)	Deputy Director of Audit and Assurance	deferred
15	Introduction to GMCA People Services Function	Director of People Services, GMCA	deferred

16	Management Update on Implementation of Behaviour Policies - Declarations of Interest and Gifts & Hospitality.	Director of People Services, GMCA	deferred
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### Financial Reporting

17	Draft Annual Governance Statement	Treasurer	deferred
18	Assessment Of Going Concern		deferred
19	Unaudited Draft Statement of Accounts 2022-23	Treasurer	deferred
20	Treasury Management Annual Report	Treasurer	deferred

### External Audit

21	External Audit Progress Report	External Audit	deferred
22	Value For Money Report	External Audit	deferred

### Forward Planning

23	Audit Committee Work Programme	Governance/Chair	deferred
24	Date And Time of Next Meeting	Governance	

## **20<sup>th</sup> September 2023**

<b>Annual meeting Business</b>		
Apologies	Governance	
Appointment Of Chair	Governance	
Chairs Announcements and Urgent Business	Chair	
Membership of the Committee 2023-2024	Governance	
Annual Declarations of Interest	Governance	
Audit Committee Terms of Reference	Governance	
Code Of Corporate Governance	Governance	

### **Standing Items**

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	
3	Declarations of Interest	Governance	
4	Minutes of the previous Audit Committee Meeting	Governance	5 mins
5	Update from the Joint Audit Panel	Governance	2 mins
6	Audit Committee Annual Report	Chair	10 Mins
7	Annual Governance Statement (final)	Governance	10 mins

### **Risk and Assurance**

8	Risk Management Update	Deputy Director of Audit and Assurance	10 mins
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9	Internal Audit Progress Report	Deputy Director of Audit and Assurance	10 mins
10	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins
11	Internal Audit Annual Opinion 2022/23	Deputy Director of Audit and Assurance	10 mins

### Financial Reporting

12	Quarterly Treasury Management Update – 30 June 2023		
13	Unaudited Statement of Accounts 2022/23	Treasurer	10 Mins
14	Letter Of Representation	Treasurer	
15	Assessment of Going Concern	Treasurer	10 Mins

### External Audit

16	External Audit Progress Report	External Audit	10 Mins
17	Final Statement of Accounts – report of the External Auditors	External Audit	
18	Annual Audit Letters	External Audit	
19	Value For Money Report	External Audit	10 Mins

### Forward planning

20	Audit Committee Work Programme	Chair	5 mins
21	Date and time of next meeting	Governance	

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