

**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY  
AUDIT COMMITTEE, HELD ON TUESDAY 27 APRIL 2021  
AT 10.00 AM VIA MICROSOFT TEAMS LIVE**

**PRESENT:**

Gwyn Griffiths	Independent Member (Chair)
Councillor Sarah Russell	Manchester City Council
Councillor Mary Whitby	Bury Council
Councillor Chris Boyes	Trafford Council
Councillor Tom McGee	Stockport Council
Catherine Scivier	Independent Member
Grenville Page	Independent Member
Susan Webster	Independent Member

**ALSO PRESENT:**

Daniel Watson	Mazars External Auditor
Mark Dalton	Mazars External Auditor

**OFFICERS:**

Steve Wilson	GMCA Treasurer
Rachel Rosewell	GMCA Deputy Treasurer
Sarah Horseman	Head of Audit and Assurance
Damian Jarvis	GMCA Internal Audit
Helen Fountain	Principal Finance Manager, GMCA
Karen Macrae	Finance Lead, GMCA
Jenny Hollamby	GMCA Governance and Scrutiny
Lee Teasdale	GMCA Governance and Scrutiny

**AC/11/21 WELCOME, INTRODUCTIONS AND APOLOGIES**

The Chair opened the meeting and welcomed everyone present. It was explained how the virtual meeting would be conducted and the procedure and protocols to be adopted throughout the meeting.

It was reported that the next meeting on 8 July 2021 could potentially be a face to face or hybrid meeting. Members would be kept updated. Any Member with concerns was asked to contact the Governance and Scrutiny Officer.

Apologies for absence were received on behalf of Councillor Colin McLaren, Oldham Council.

**AC/12/21 DECLARATIONS OF INTEREST**

There were no declarations of interest received at the meeting.

**AC/13/21 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON  
22 JANUARY 2021**

Consideration was given to the minutes of the Audit Committee held on 22 January 2021.

Arising from minute AC/05/21 – 2019/20 Statement of Accounts, the Chair confirmed that the accounts were signed off following the meeting.

**RESOLVED/-**

That the minutes of the meeting of the Audit Committee held on 22 January 2021, be approved as a correct record.

**AC/14/21 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 12  
FEBRUARY 2021**

The Audit Committee was asked to note the minutes of the GMCA/GMP Joint Audit Panel held on 12 February 2021.

The main points referred:

1. There had been another panel meeting on 16 April 2021, the minutes were awaited. The agenda pack was available on the GMP website [Greater Manchester Joint Audit Panel | Greater Manchester Police \(gmp.police.uk\)](#).
2. It was noted that the new Chief Constable would take up his position on 24 May 2021. In the meantime, an interim Chief Constable had been appointed.
3. The Chair had met with the Chair of the Joint Audit Panel and the Deputy Mayor of Greater Manchester to discuss arrangements to oversee police matters. It was envisaged that the relationship with the Joint Audit Panel and new Chief Constable would be stronger, more open, and transparent. Governance arrangements were complicated. However, they were robust and suitable but further transparency was needed. A joint workshop would be organised with the Joint Audit Panel to discuss how committees would work together in the future taking on board the new Chief Constable's views.
4. Members raised concerns that the agenda and minutes from the Joint Audit Panel on 16 April 2021, the PriceWaterhouseCoopers (PWC) report or Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) report were unavailable for evaluation; which was not transparent. The GMCA's Treasurer noted the comments and agreed to investigate. It was explained that the PWC report had not been finalised and was still in its draft format awaiting sign off from the Chief Constable. The GMCA's Treasurer would ensure that feedback from the Joint Audit Panel and the Audit Committee were fed into the report.

5. Members asked that the Joint Audit Panel minute production be accelerated.
6. A Member suggested that a timescale for review and how governance would work was needed. The GMCA's Treasurer agreed to progress this work.
7. A recent newspaper article had referred to a GMP overspend. However, as Members did not have the PWC report, it could not be evaluated. Members asked if the budget had been extended and if there was any change from the original spend to the ultimate spend. The GMCA's Treasurer advised that there was no overspend and the Integrated Operational Policing System (iOPS) was on budget but could not comment further as he had not had sight of the report.
8. Regardless of the PWC report, the Chair requested that a report about what had been budgeted for, what had been delivered and what that had cost be considered. There was a need to understand issues around implementation, timings, and costs. The GMCA's Treasurer agreed to take this on board.
9. Members were concerned about the publicity surrounding the newspaper article and how this would be clarified.

**RESOLVED/-**

That the minutes of the Joint Audit Panel held on 12 February 2021 be noted.

**AC/15/21 ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS**

The GMCA Treasurer introduced a report that requested the Committee's approval of the Accounting Policies and Critical Accounting Judgements that the GMCA proposed to adopt in the preparation of the Annual Statement of Accounts 2020/21.

The report also outlined the impact of changes to the Code of Practice on Local Government Accounting and the production of the 2020/21 Annual Statement of Accounts.

**RESOLVED/-**

1. That the Audit Committee approved the Accounting Policies detailed at Appendix 1 (page 4) of the report.
2. That the Audit Committee approved the Critical Accounting Judgements detailed at Appendix 2 (page 26) of the report.
3. It was noted that any subsequent amendments or changes to the policies and the associated financial implications would be reported back to the Audit Committee.

## **AC/16/21     AUDIT STRATEGY MEMORANDUM 2020/2021**

The GMCA's external audit partner presented the Audit Strategy Memorandum 2020/21 for consideration. Attention was drawn to the significant risks and other key judgement areas within the report.

The main points referred:

1. The Chair asked a question about performance materiality and the applied 50%. It was explained that due to the number of errors identified during the 2019/20 audit process a 50% of overall materiality had been applied as performance materiality. The figure would be revised if there were fewer errors in this year's audit.
2. A Member enquired if the Audit Committee would have an opportunity to review the accounts given the revised deadline of September 2021. Members were reassured they would be given ample opportunity. The draft accounts would be considered at the next meeting and the final accounts in September 2021.
3. Officers were asked how deadlines would be met given the issues last year. The risk around this was recognised by Officers; work would take place earlier. However, some work was dependant on partners such as the pension fund assurance. A valuer had already been commissioned, which would minimise issues around the valuation of assets. Officers would keep the Chair and the Committee updated on progress.
4. A move to a narrative report in terms of value for money was welcomed. It was envisaged that it would be a helpful tool rather than be provided after the event. The new approach would recognise the pandemic and that commentary would be developed in future years. The Chair asked that the report provided a view on how the GMCA had responded to the pandemic.
5. The GMCA's external audit partners were thanked for their informative report.

### **RESOLVED/-**

That the report be received and noted.

## **AC/17/21     CORPORATE RISK REGISTER UPDATE**

The GMCA's Head of Audit and Assurance, introduced a report that informed Members of the risk management activities undertaken since the last meeting.

The main points referred:

1. A discussion took place about what risks were strategic, which risks were not and what would be considered by the Committee. It was agreed that deep dives and periodic consideration of the full register would be adopted as a way forward. The Chair suggested that more meetings throughout the year might be required.

2. A Member asked about the maturity model and timelines. It was explained that further work is underway to determine where each directorate of the GMCA needs to sit on the maturity scale, but that the GMCA as a whole needed to be “compliant” within a year.
3. A Member asked for more information the about common risks across directorates. It was very important that there was a holistic approach to overall risks and communal impact. It was reported that in terms of common risks and the impact, the Senior Leadership Team had an important role to play in agreeing risks and how they were monitored at a single point at an organisational level.
4. A discussion took place about tolerating risks. It was clear that some risks could not be prevented but the risk framework should reflect resilience to minimise the impact of the risk.
5. The Chair asked about risk OR9 as there was an increasing trend on funding and grants not spent in line with timescales/conditions. It was explained that the register would be presented to the Senior Leadership Team to focus on mitigating actions.
6. It was suggested and agreed that following validation work, mitigating actions would be considered at the next meeting.
7. The Chair asked and Officers agreed that the GMCA’s Chief Executive be invited to a meeting in the near future to explain the GMCA’s approach to the management of risks and how the risk agenda was being developed and utilised.
8. Information technology was an area of concern raised by the Committee. The Chair suggested and Members agreed that a status update report would be considered and presented by the GMCA’s Director of Digital at a future meeting.
9. A Member was concerned about underspend and the Housing Investment Fund relationship; what was the level of risk. It was agreed that the Core Investment Team would provide a report for consideration at the next meeting.

#### **RESOLVED/-**

That the Committee noted the report and the progress being made.

#### **AC/18/21 INTERNAL AUDIT PROGRESS REPORT**

A report was introduced, which informed Members of the progress to date in the delivery of the Internal Audit Plan for 2020/21, which also acted as a mechanism to approve and provide a record of changes to the Internal Audit Plan.

The main points referred:

1. A discussion took place about the internal audit structure and resourcing. The Committee was very supportive that the additional resources needed were obtain this financial year.

2. The Chair commented that the peer review was valuable and would lead to improvements.

**RESOLVED/-**

That the report be noted and the changes to the Audit Plan as detailed in Section 3 of the report be approved.

**AC/19/21     AUDIT ACTION TRACKER**

The Head of Audit and Assurance, GMCA, introduced a report on the progress to date in implementing the agreed actions from internal audit assignments.

It was asked if there was any resistance from the Senior Leadership Team to deal with outstanding actions. It was reported that there was no resistance and there was a systematic process to identify progress on actions.

**RESOLVED/-**

That the Committee noted the report and welcomed the progress being made.

**AC/20/21     ANNUAL OUTCOME OF THE WHISTLEBLOWING REFERRALS**

The GMCA Treasurer introduced a report, which provided a summary of the outcomes of the whistleblowing referrals received in 2020/2021, as required under Section G of the GMCA Constitution - Complaints and Whistleblowing.

The main points referred:

1. Members asked for more detail in the report. It was agreed that a confidential report would be provided at the next meeting.
2. Officers were asked if any complaints had identified any systematic weaknesses. It was confirmed that no weaknesses had been identified.
3. The GMCA's Head of Audit and Assurance agreed to share a response to a whistleblowing Freedom of Information (FOI) with Members that provided more information on the nature of reports. More detail would be provided in future.

**RESOLVED/-**

That the report be received and noted.

## **AC/21/21 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT**

It was explained that the GMCA's Head of Audit and Assurance conducted an annual review of the effectiveness of its system of internal audit as part of its governance assurance processes. The process was designed to provide assurance to the Audit Committee over the system of internal audit including the role, function, and performance of the internal audit service. The report set out the assessment for 2020/21 and actions proposed to ensure ongoing effectiveness and quality of the GMCA Internal Audit service.

Since the last Audit Committee held on 22 January 2021, four final reports had been published:

1. Greater Manchester Fire and Rescue Service – Fleet Services
2. GMCA Payments
3. GMCA Risk Management Maturity
4. Grant Certification

Several changes to the Internal Audit Plan were proposed at Section 3 of the report.

The main points referred:

1. A Member enquired about the fleet services report and asked if there was any conflict with senior management. It was explained that the audit looked at both A and B fleet but focused on the "A fleet" (i.e. *not* front-line fire and rescue appliances). The report was by exception and it was hoped that the opinion reflected there were no issues with the A fleet. It was a wide-ranging audit and to include all the content around all the areas of scope would have been exhaustive. Members were reassured that all actions and steps to address had been agreed.
2. In terms of identifying fraudulent transactions, a Member commented that retrospective purchase orders and little evidence of goods could be masking fraud and supplier bank changes not being actioned should be a higher than medium risk given this was an issue that numerous organisations had experienced. Officers would take the comments on board.

### **RESOLVED/-**

1. That the Committee noted the review of the effectiveness for 2020/21.
2. That Members endorsed the Quality Assurance and Improvement Programme.
3. That the Audit Committee approved the scope of the external assessment of the GMCA Internal Audit service.

## **AC/22/21 INTERNAL AUDIT PLAN 2021/2022**

Members considered a report that detailed the three-year Internal Audit Plan and the Operational Internal Audit Plan for 2021/2022.

The main points referred:

1. A reference was made to the audit universe. It was asked how large GMCA projects were included in the long-term plan. It was explained that the 2021/22 Audit Plan included a section on cross cutting themes (page 127 of the agenda). However, further consideration would be given to how cross cutting actions were reported. It was essential there was an overarching collective view.
2. A Member asked how Greater Manchester strategic risks and projects were being dealt with. It was reported that the appendices of the report provided some of that information. However, thought would be given to how this could be done more clearly and explicitly.
3. The Chair agreed with the plan but asked if there was any flexibility. Members were informed there were not any contingency arrangements. The plan would be revisited, and the Audit Committee would be informed of any movement.
4. Regarding the extra resource discussed earlier in the meeting, a Member asked if the plan took that into account. The plan was based on current resource and the lack of contingency was being discussed. The GMCA's Treasurer supported the recommendation for a further post.

#### **RESOLVED/-**

That the Internal Audit Plan be approved.

#### **AC/23/21 INTERNAL AUDIT CHARTER**

The Internal Audit Charter established the framework within which the Internal Audit Service operated to best serve the independent assurance requirements of the GMCA Audit Committee and to meet its professional obligations under applicable professional standards. In line with the Public Sector Internal Audit Standards, the Charter was a mandatory document that must be in place and reviewed on a regular basis. It was proposed that this review was undertaken by the GMCA's Head of Audit and Assurance and the Charter presented to the Audit Committee annually for approval.

It was noted that the only changes to the Charter in 2021/2022 were to clarify Internal Audit's role in relation to its support of Risk Management activities, which had been added in Section 13 of the report.

The Chair asked that Section 13 of the report be expanded to explain that the Senior Leadership Team owned the Risk Management Framework and Internal Audit was responsible for supporting the Senior Leadership Team and for rolling it out.

#### **RESOLVED/-**

That the Internal Audit Charter be approved subject to the change noted above.



**AC/24/21 2021/2022 AUDIT COMMITTEE SCHEDULE OF BUSINESS**

**RESOLVED/-**

That the 2011/2022 Audit Committee Schedule of Business be received and noted.

**AC/25/21 DATES OF FUTURE MEETINGS**

The dates and times of future meetings were noted as:

- 8 July 2021 at 10.00 am
- 30 September 2021 at 10.00 am

To provide time for deep dives, training, and briefings it was agreed that the dates of meetings were suitable, but timings would need to be considered. The Governance and Scrutiny Officer was asked to liaise with Members.

**RESOLVED/-**

That the Governance and Scrutiny Officer liaise with Members about timings of meetings.