

**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY
AUDIT COMMITTEE, HELD ON FRIDAY 27 AUGUST 2021
AT MANCHESTER CITY COUNCIL, COUNCIL CHAMBER**

PRESENT:

Gwyn Griffiths	Independent Member (Chair)
Councillor Mary Whitby	Bury Council
Councillor Sarah Russell	Manchester City Council
Councillor Colin McLaren	Oldham Council
Councillor Chris Boyes	Trafford Council
Grenville Page	Independent Member
Susan Webster	Independent Member

ALSO PRESENT:

Councillor Tom McGee	Stockport Council and Deputy GMCA Portfolio Lead Member for Resources and Investment
Councillor Nazia Rehman	Wigan Council
Daniel Watson	Mazars External Auditor

OFFICERS:

Steve Wilson	GMCA Treasurer
Rachel Rosewell	GMCA Deputy Treasurer
Damian Jarvis	GMCA Internal Audit Manager
Lindsay Keech	Head of Finance Capital and Treasury Management, GMCA
Paul Harris	GMCA Governance and Scrutiny

AC/26/21 WELCOME, INTRODUCTIONS AND APOLOGIES

The Chair extended a welcome to those members present.

Apologies for absence were received and noted from Catherine Scivier, Independent Member and Councillor David Molineux, GMCA Portfolio Lead Member for Resources and Investment.

AC/27/21 MEMBERSHIP OF THE COMMITTEE 2021/22

RESOLVED/-

That the following membership of the GM Audit Committee for the 2021/22 Municipal Year, be noted:-

Councillor Mary Whitby	Bury Council
Councillor Sarah Russell	Manchester City Council
Councillor Colin McLaren	Oldham Council

Councillor Chris Boyes
*Councillor Christine Roberts
* Councillor Tracy Kelly
Gwyn Griffiths
Grenville Page
Susan Webster
Catherine Scivier

Trafford Council
Rochdale Council
Salford City Council
Independent Member
Independent Member
Independent Member
Independent Member

*denotes Substitute Members

AC/28/21 CHAIR'S ANNOUNCEMENTS AND ITEMS OF URGENT BUSINESS

There were no items of urgent business reported.

AC/29/21 AUDIT COMMITTEE TERMS OF REFERENCE

RESOLVED/-

That the GM Audit Committee Terms of Reference 2021/22 be noted.

AC/30/21 DECLARATIONS OF INTEREST

RESOLVED /-

There were no items of personal or prejudicial interests declared in relation to any item on the agenda, BY ANY Member of the Committee.

AC/31/21 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 27 APRIL 2021

The minutes of the Audit Committee meeting held on 27 April 2021 we submitted.

Councillor McGee noted that, as he is not a formal member of the Committee, he should be included in the list of those attendees that were also present.

RESOLVED/-

That the minutes of the meeting of the GMCA Audit Committee held on 27 April 2021 be approved as a correct record, subject to the inclusion of Councillor Tom McGee in the list of those attendees also present.

AC/32/21 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 23 JUNE 2021

The Audit Committee was asked to note the minutes of the GMCA/GMP Joint Audit Panel held on 23 June 2021.

RESOLVED/-

That the minutes of the Joint Audit Panel held on 23 June be noted.

AC/33/21 ANNUAL REPORT OF THE CHAIR OF THE JOINT AUDIT PANEL

The GMCA Treasurer introduced a report of the Chair of the Joint Audit Panel which provided an overview of the work of the Panel during the period 1 April 2020 to 31 March 2021.

The report highlighted that the focus of the Joint Audit Panel was GMP activities and their accounts and that the value of an Audit Panel to an organisation is that it aims to provide independent assurance and advice on its governance processes.

Members noted that during this period, the Panel oversaw the preparation of the Annual Report and Accounts. Regular reports were received and considered from the external auditors, Mazars. Members noted that the recent appointment of a new Chief Constable of GMP meant that the timetable for the Governance and narrative elements of the Annual Report would be tight, but the expectation is that the external audit will conclude in line with the timetable. It was also noted that the Panel provided a forum to receive the reports of both the Internal and External Auditors and GMP officers on risk management, control, value for money and governance issues.

It was noted that the Panel is also keen to see that appropriate action to implement the agreed actions contained in these reports. In December, HMICFRS published its Victim Services Assessment (VSA) Inspection Report. This was a critical report of the service provided by GMP in this area. The Panel continues to monitor progress at its meetings and receives regular updates on progress in responding to the Inspectorate's recommendations.

The Chair placed on record his thanks to the Joint Audit Panel and welcomed the report which provided a succinct review of the matters the Panel had dealt with over the previous year.

In relation to understanding other areas of assurance, as out lined in the report, a Member enquired if there was a clear understanding of assurance levels that inform assurance control matters and risk. In response, officers noted that this matter was to be picked up as part of the Chief Constable's review. Officers also undertook to highlight this matter at the next Police Audit Panel meeting.

A Member asked if the Development Plan will be incorporated into the Price Waterhouse Coopers report. In response, officers noted that the Development Plan will be updated to reflect the comments of the Chief Constable review.

In response to an enquiry from a Member regarding Police Panel Scrutiny, officers confirmed the Action Plan will be considered by both the Combined Authority and the Police Panel. Members noted that the Action Plan has been incorporated in the Panel's work programme and will provide a focus for the year ahead.

RESOLVED/-

That the report be received and noted.

AC/34/21 ANNUAL GOVERNANCE STATEMENT - DRAFT

The GMCA Treasurer introduced the latest version of the GMCA draft 2020/2021 Annual Governance Statement (AGS) and invited comments from Members on its content. It was noted that any comments were to be incorporated into a finalised version of the AGS for consideration for approval at the meeting of the Committee in September.

A Member suggested that that the AGS should refer to the passing of Councillor David Greenhalgh and identify the new GM portfolio lead for Culture.

RESOLVED/-

1. That the draft Annual Governance Statement be endorsed, subject to the comments made by Members, above.
2. That it be noted that the Annual Governance Statement be submitted to the Audit Committee meeting on 30 September 2021 for consideration of formal approval.

AC/35/21 UNAUDITED DRAFT STATEMENT OF ACCOUNTS

The GMCA Treasurer introduced the draft unaudited Annual Statement of Accounts 2020/21 and set out the process for approval once the Statement of Accounts had been finalised.

In introducing the report, the GMCA Treasurer thanked the GMCA Finance Team for their hard work in getting the draft Statement of Accounts together.

In relation to the reported Fire and Rescue Service and Police and Crime surplus and following an enquiry from a Member, officers noted that this surplus was against the originally planned budget.

RESOLVED/-

1. That the GMCA unaudited draft statement of accounts for 2020/21, be noted.
2. That the Committee record thanks to the GMCA Finance Team for their efforts in getting the draft Statement of Accounts for 2020/21 together, in line with the statutory timetable.

AC/36/21 EXTERNAL AUDITOR'S ENQUIRY LETTERS

The Chair explained that he had signed the signed the External Auditor enquiry letters in respect of the 2020/2021 Audit process.

RESOLVED/-

That it be noted that the External Auditor's enquiry letter, in respect of the 2020/2021 Audit process, had been signed by the Chair.

AC/37/21 ASSESSMENT OF GOING CONCERN STATEMENT

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.

The report explained that the main factors which underpin the assessment of GMCA as a going concern included:-

- GMCA's financial position
- GMCA's strategic planning and budget framework
- The regulatory and control environment applicable to the GMCA as a local authority.
- Economic climate reflecting impact of COVID-19

Members noted that the impact of Covid-19 on Metrolink services and noted that GMCA takes the direct financial risk on income. Members also noted that significant impact on patronage levels has impacted on Metrolink income, with current patronage levels at 45% of pre-pandemic levels. Government funding had been received to meet shortfalls and there is an agreement in place for the Government to underwrite any revenue losses up to April 2022.

Members also noted that despite the Metrolink revenue risk, the report concluded that there is no material risk to GMCA as a going concern.

A Member asked if there was any financial modelling post April 2022 on Metrolink revenues. In response, officers noted that this work was being undertaken by TfGM and an update will be provided in the report that will be considered by the Committee on 30 September 2021.

A Member asked if an action log can be included in future meeting in order to track progress on actions and allow visibility on how these actions are being included in to the work plan for the Committee.

RESOLVED/-

1. That the outcome of the assessment made of the GMCA's going concern position for the purpose of the draft Statement of Accounts 2020-2021 and the conclusion that there is no material risk to going concern, be noted.
2. That a further update be presented to the 30 September 2021, be noted.

AC/38/21 TREASURY MANAGEMENT ANNUAL REPORT 2020/21

The GMCA Treasurer introduced a report which described the Treasury Management activities of GMCA 2020/21.

Members noted that on the 6 July 2021, a decision was taken to increase the Treasury Management Strategy limit on investments and the debt management office. This figure is now £450 million.

In response to an enquiry regarding Lender Option Borrower Option (LOBO), officers undertook to bring a further update to the next meeting of the Committee.

RESOLVED/-

1. That the GM Treasury Management Annual Report 2020/21, be noted.
2. That the increase the Treasury Management Strategy limit on investments and the debt management office. This figure is now £450 million, be noted.
3. This it be noted that a further update on LOBO be brought to the next meeting of the Committee.

AC/39/21 INTERNAL AUDIT OPINION AND ANNUAL REPORT

The GMCA Internal Audit Manager introduced the Head of Audit and Assurance Annual Opinion Report which provided Members with the assurance 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 2021.

The report informed the committee of the limited assurance opinion which remained unchanged from the previous year and outlined the basis for that opinion which had previously been discussed with Members.

Members expressed some disappointment on the limited assurance opinion overall.

A Member noted that although the finding was limited, there were a number of activities in the report that were seen as reasonable. The Member enquired if there is a clear ambition from the Executive for the 2021/22 assessment to achieve an overall reasonable assurance opinion. In response, officers noted the level of reasonable opinions and risk management improvements over the year and highlighted that the Action Plan now presents an opportunity to move to a minimum reasonable level of assurance for 2021/22.

A Member welcomed the attendance of the GMCA Chief Executive at the previous (inquorate) meeting to have these difficult discussions. The Member noted that several actions within the Action Tracker have been outstanding for some time. It was suggested senior officers be invited to future meetings to explain where delays in implementation of audit actions occur, particularly those reports with limited assurance opinions and where the actions arising are significant. n. The recommendations are important and should be implemented.

Officers noted that there is a large amount of development work taking place within GMCA to look at strengthening core-processes. The development of a robust performance management framework and embedding the risk management policy framework will help move toward an improved assurance opinion in the future.

RESOLVED/-

That the report and the limited annual assurance opinion of Internal Audit, be noted.

AC/40/21 INTERNAL AUDIT TRACKER REPORT

The GMCA Internal Audit Manager provided a report that advised Members of the progress to date in implementing and tracking the agreed actions from internal audit assignments. It was noted that a further update was to be presented to the Audit Committee meeting in September.

A Member sought clarification on discussion with Trade Unions. The Member also highlighted matters in relation to critical staffing roles within the organisation and sought to understand if the right people were in place to deliver services. In response, officers highlighted the restructuring work that had taken place within GMCA core functions to address staffing matters.

In relation to staffing levels, it was suggested that a representative from the GMCA HR team be invited to a future meeting of the Committee. Officers highlighted that there is now a more robust reporting framework for HR activities.

A Member highlighted the dependency on self-service systems for staffing claims. Officers undertook to bring this matter back to the September 2021 meeting.

RESOLVED/-

That the report be noted.

AC/41/21 RISK MANAGEMENT UPDATE

The GMCA Internal Audit Manager , introduced a report that informed Members of the risk management activities undertaken since the last meeting and presented responses to specific questions raised by the Audit Committee around risk.

A Member welcomed the evolution of the risk register and the support of the Senior Leadership Team in this regard.

RESOLVED/-

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

AC/42/21 INTERNAL AUDIT PROGRESS REPORT

The GMCA Internal Audit Manager introduced a report that informed Members of the progress to date in the delivery of the Internal Audit Plan for 2021/22. Members noted that this work is also used as a mechanism to approve and provide a record of changes to the internal audit plan. It was noted that, overall, the Audit Plan was broadly on track.

Following an enquiry from a Member on the Mayoral Advisors summary within the report, officers undertook to explore how this will cross reference with the ongoing contract work and will be picked up as part of that.

RESOLVED/-

That the report be noted and that a further update will be provided to the next meeting of the Committee in September 2021.

AC/43/21 EXTERNAL AUDIT PROGRESS REPORT

Mazars, External Auditors provided an update in relation to Audit Findings (ISA260) report. A representative from Mazars outlined the key issues, scope and conclusions arising from the statutory audit of GMCA and the preparation of the group and GMCA's financial statements for the year end 31 March 2021 for those charged with governance.

RESOLVED/-

That the draft Audited Findings (ISA260) Report, be noted.

AC/44/21 APPOINTMENT OF CHAIR AND DEPUTY CHAIR

The Chair noted that he was to stand down as Chair of the Committee following the meeting.

Nominations were sought for the roles of Chair and Deputy Chair of the Committee for the remainder of the 2021/22 municipal year.

A nomination of Councillor Sarah Russell for the position of Chair to the Committee was moved and seconded.

A nomination of Gwyn Griffiths for the position of Deputy Chair was also moved and seconded.

There were no other nominations made.

A Member in welcoming the new Chair to the role, offered thanks to Gwyn Griffiths, the outgoing chair for his support to the Committee over the previous years.

RESOLVED/-

That Councillor Sarah Russell and Gwyn Griffiths be appointed Chair and Deputy Chair respectively of the GM Audit Committee for the remainder of the 2021/22 Municipal Year.

AC/45/21 DATES OF FUTURE MEETINGS

RESOLVED/-

That the next meeting of the Audit Committee will take place on 30 September 2021 at 10.00 am.