

**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY
AUDIT COMMITTEE, HELD ON THURSDAY 30TH SEPTEMBER 2021
AT MANCHESTER TOWN HALL COUNCIL CHAMBER**

PRESENT:

Councillor Sarah Russell	Manchester City Council (Chair)
Councillor Mary Whitby	Bury Council
Councillor Chris Boyes	Trafford Council
Councillor Christine Roberts	Wigan Council
Gwyn Griffiths	Independent Member
Catherine Scivier	Independent Member
Susan Webster	Independent Member

ALSO PRESENT:

Councillor Tom McGee	Stockport Council and Deputy GMCA Portfolio Lead Member for Resources and Investment
Mark Dalton	Mazars External Auditor
Daniel Watson	Mazars External Auditor

OFFICERS:

Steve Wilson	GMCA Treasurer
Rachel Rosewell	GMCA Deputy Treasurer
Sarah Horseman	GMCA Head of Audit and Assurance
Damian Jarvis	GMCA Internal Audit Manager
Paul Harris	GMCA Governance and Scrutiny

AC/46/21 WELCOME, INTRODUCTIONS AND APOLOGIES

The Chair extended a welcome to those members present.

Apologies for absence were received and noted from committee members Councillor Colin McLaren, Oldham Council and Grenville Page, Independent Member.

Apologies were also received from Councillor David Molineux, GMCA Portfolio Lead Member for Resources and Investment.

AC/47/21 CHAIR'S ANNOUNCEMENTS AND ITEMS OF URGENT BUSINESS

There were no items of urgent business reported.

AC/48/21 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/49/21 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 27 AUGUST 2021

The Minutes of the Audit Committee meeting held on 27 August 2021 we submitted.

With regard to Membership of the Committee, Councillor Roberts clarified that she is a substitute member from Wigan and not Rochdale. Minute reference AC/27/21 refers.

The GMCA Treasurer provided an update in relation to Metrolink Revenue Modelling and LOBO loans. The update highlighted that the legal action by Leeds and Lewisham Councils in relation to LIBOR loans with Barclays had been struck out by the Commercial Court.

In terms of Metrolink Revenues, Members asked what happens with the penalty charges received from passengers for their non-compliance of face covering requirements, Metrolink staffing levels and tram reliability. A Member also asked if the potential for industrial action by Metrolink staff had been included within the revenue modelling exercise. In response, officers undertook to explore these matters further and update members.

A Member highlighted that the issue relation to Mayoral Advisers were to be picked up latter in the agenda. Officers were asked to include these matters within the Work Programme Action Tracker.

RESOLVED/-

1. That the minutes of the meeting of the GMCA Audit Committee held on 27 August 2021 be approved as a correct record, subject to the correction that Councillor Christine Roberts is a Wigan member.
2. That officers agree to update Members in relation to Metrolink matters as outlined in the preamble above.

AC/50/21 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 28 JULY 2021

The Audit Committee was asked to note the minutes of the GMCA/GMP Joint Audit Panel held on 28 July 2021.

It was noted that the Chief Constable's Improvement Plan and the report on the HMICFRS Review had been circulated to Members separately, for information.

The Chair explained that a meeting was to be convened with Chair of the Joint Audit Panel to look at appropriate ways of working.

RESOLVED/-

That the minutes of the Joint Audit Panel held on 28 July 2021, be noted.

AC/51/21 ANNUAL GOVERNANCE STATEMENT

The GMCA Treasurer introduced the GMCA 2020/2021 Annual Governance Statement (AGS), which was appended to the report at Appendix A.

It was noted that the AGS will accompany the GMCA Statement of Accounts.

Members were reminded that the draft AGS was considered and endorsed, pending minor amendments, by the Audit Committee at its meeting on 27 August 2021 (Item AC 34/21) and these amendments will be picked up within the final AGS document.

It was noted that those proposed changes raised at the previous meeting around portfolio holders will be updated in the final AGS document.

RESOLVED/-

1. That the GMCA 2020/21 Annual Governance Statement, be approved and signed by the Mayor and the Chief Executive of the GMCA.
2. That it be noted that the AGS will be published on the GMCA website, with the GMCA Statement of Accounts for 2020/21, once the Accounts are available.

AC/52/21 2020/2021 STATEMENT OF AUDITED ACCOUNTS

The GMCA Treasurer introduced a report which updated Members on the current position of the Greater Manchester Combined Authority (GMCA) Statement of Accounts for 2020/21.

Members noted that as previously reported, the unaudited group and single entity Statement of Accounts for 2020/21 were signed off by the GMCA Treasurer and published on the GMCA website during July to meet the statutory deadline for publication of 1st August 2021.

Members also noted that as several issues in the accounts remained to be completed by the Authority's external auditors, it was not possible to submit the Audited Accounts by the 30 September 2021 deadline or to share these accounts with the Audit Committee.

The report provided committee members with an update on progress and set out plans for finalising the 2020/21 audited accounts, noting that it was anticipated for a completed version of the final audited accounts to be presented at the November meeting of the Committee.

RESOLVED/-

1. That the latest position on the production of GMCA 2020/21 Statement of Audited Accounts, be noted.
2. That the GMCA 2020/2021 Statement of Audited Accounts be submitted to the meeting of the Audit Committee in November 2021.

AC/53/21 ANNUAL AUDIT LETTER

The Chair explained that this item had been deferred to the next meeting of the Committee.

RESOLVED/-

That it be noted that the Annual Audit Letter be deferred to the next meeting of the Audit Committee.

AC/54/21 EXTERNAL AUDITORS PROGRESS REPORT

Mazars, External Auditors provided an update in relation to the draft 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.

Mazars welcomed the support they had received from the GMCA Finance team in developing the accounts thus far.

Members noted that that a number of procedures needed to be completed in order to provide a quality audit and for this reason, the Accounts will not be in a position to be completed by the 30 September deadline date.

In relation to Disclosure Amendments, a Member enquired on what non-financial debtors are. In response, Mazars explained that such debtors are statutory debtors, such as other districts. It was noted that at the end of the financial year, timing issues can show some aspects of district and GMCA activities, such as Businesses Rates, as outstanding.

Following an enquiry regarding Subsequent Events and letter of representations, Mazars explained their technical processes to deal with these matters.

A Member highlighted the insolvency of wholly-owned companies in other council areas. In response, the Treasurer noted that this matter could be picked up with further assurance work. An update will be provided to a future meeting.

In terms of timelines for the approval of the final accounts, a Member requested that future meeting dates be advised to the committee in good time.

RESOLVED/-

1. That the draft Audited Findings (ISA260) Report, be noted.
2. That officers explore suitable future meeting dates for the Committee.

AC/55/21 RISK MANAGEMENT UPDATE

The GMCA Head of Audit and Assurance, 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.

It was noted that a risk in relation to supply chain will be updated on future iterations of the Risk Register.

In relation to an enquiry on levelling-up, officers undertook to raise this matter with GMCA Management.

In regard to the risk for staff absence, a Member asked for comparative data to be provided. In response, officers undertook to provide this information at a future meeting.

A Member enquired if there is a risk of grant funding not being spent by the required deadlines. In response, officers noted risks in relation of funding clawback.

A Member suggested a vulnerability in ICT staffing and attracting staff, noting that this presents issues in relation to potential cyber security risks. In response, officers noted that a cyber security audit has commenced and an update on the progress of this audit will be provided at the November meeting of the Committee.

In terms of the Risk Framework, a Member suggested that the breadth and depth of the organisation risk analysis be scrutinised broader. The Member highlighted directorate, autonomous services and wholly owned subsidiaries can provide a financial and reputation risk to the organisation.

A Member suggested that a register of key partners should also be developed.

A Member suggested that an introduction session on the GMCA Risk Register followed by thematic deep-dives sessions be arranged. A suggestion for a specific Risk Register session in February 2022 was made.

In relation to Risk 5, Covid Finances, a Member highlighted the end of the furlough scheme and the impact of Covid will have a detrimental impact on local council finances. In response, it was noted that discussions with local Treasurers were taking place for 2022/23 budget setting.

In terms of Metrolink revenues shortfall and the potential impact on local authorities, a Member asked if the risk rating of 16 should be increased upwards. In response, officers undertook to review this risk.

A member asked how staff well being is monitored. In response, officers noted that HR KPIs have been developed. In addition, regular GMCA staff surveys take place and a summary of the responses made will be brought to a future meeting of the Committee. It was also noted that the HMICFRS report on Fire will include a section on workforce wellbeing. Officers undertook to share this report once available.

With regard to the Skills Bill, a Member enquired if this is a matter for further consideration be the committee. In response officers undertook to bring an update to a future meeting on this matter.

RESOLVED/-

1. That the Committee noted the report and the progress being made.
2. That it be noted that comparative data on staffing absence and updates on staff survey responses and the Skills Bill be brought to a future meeting of the Committee.

AC/56/21 INTERNAL AUDIT PROGRESS REPORT

The Head 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 Q2 2021/22. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

Following a comment from a Member on what can be done to avoid a limited opinion next year, officers explained that the Audit Plan and development of a risk maturity assurance process will look to provide good progress and provide assurance in place not to have a limited opinion.

RESOLVED/-

1. That the Internal Audit Progress Report, be noted.
2. That it be noted that there were no changes to the Audit Plan.

AC/57/21 AUDIT ACTION FOLLOW UP REPORT

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

A further quarterly update will be provided at the next Audit Committee meeting.

In response to an enquiry from a Member regarding the outstanding workforce policies, officers highlighted that the delay on finalising these policies related to Trade Union considerations and the clarification of an insurance matter. Committee members requested that the relevant officer and portfolio lead be invited to the next meeting of the committee to discuss the progress on these workforce policy matters.

A Member noted that the Mayoral Advisor role was yet to be verified. It was suggested that as part of the consideration of this matter, contractual arrangements ought to be also highlighted.

RESOLVED/-

1. That the progress of the implementation of Internal Audit recommended actions, be noted.
2. That a further update be provided to the next meeting of the Committee.
3. That the relevant Portfolio Lead and officer be invited to the next meeting of the Committee to consider workforce policies.

AC/58/21 WORK PROGRAMME 2021/22

Members considered the Committee Work Programme for the remainder of the 2021/22 municipal year.

Members suggested that in order to allow for quoracy and the potential for training sessions prior to meetings, dates and times of the proposed meeting dates be revisited, in consultation with all Committee members.

A Member suggested that it would be helpful for Members of the Committee to undertake a visit to a local recycling centre. In response, officers undertook to speak with the Director of Waste and Resources to arrange this visit.

A Member suggested that it would be helpful for a further joint meeting with the Police and Crime Audit Panel to be convened.

Members noted that the timetable for the 2022 Financial Statements will remain as for the 2021 process. For this reason, the work programme should reflect this.

RESOLVED/-

1. That the update be noted.
2. That officers undertake to convene a joint meeting with the Police and Crime Audit Panel at an appropriate time and to liaise with GMCA Waste and Resources to seek a visit to a GM Recycling Centre.

AC/59/21 DATES OF FUTURE MEETINGS

RESOLVED/-

That as the scheduled date of 19 November is no longer suitable, officers will seek an alternative date in November.

AC/60/21 EXCLUSION OF PRESS AND PUBLIC

RESOLVED/-

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 items on business on the grounds that this involved the likely disclosure of exempt information, as set out in paragraphs 1 & 2 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.

AC/61/21 ANNUAL WHISTLEBLOWING REPORT

The GMCA Treasurer provided a report which summarised the outcomes of whistleblowing reports received by GMCA, as required under Section G of the GMCA Constitution "Complaints and Whistleblowing".

RESOLVED/-

That the report be noted.