

**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY
AUDIT COMMITTEE, HELD ON FRIDAY 21 JANUARY 2022
AT THE GMCA OFFICES, TOOTAL BUILDINGS, MANCHESTER**

PRESENT:

Councillor Mary Whitby	Bury Council
Tracy Kelly	Salford Council
Councillor Chris Boyes	Trafford Council
Gwyn Griffiths	Independent Member (Chair)
Catherine Scivier	Independent Member
Susan Webster	Independent Member
Grenville Page	Independent Member

ALSO PRESENT:

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

OFFICERS:

Andrew Lightfoot	GMCA Deputy Chief Executive
Steve Wilson	GMCA Treasurer
Rachel Rosewell	GMCA Deputy Treasurer
Sarah Horseman	Head of Audit and Assurance
Lindsey Keech	Head of Finance Capital & Treasury Management
Damian Jarvis	Internal Audit Manager
Nicola Ward	GMCA Governance and Scrutiny
Dave Russel	Chief Fire Officer, GMFRS

AC/73/21 WELCOME, INTRODUCTIONS AND APOLOGIES

RESOLVED /-

Apologies for absence were received and noted from Councillor Colin McLaren, Oldham Council, Councillor Sarah Russell, Manchester and Councillor Christine Roberts (Substitute) Wigan Council.

Apologies were also received from Councillor David Molyneux, GMCA Portfolio Lead Member for Resources and Investment and Daniel Watson (Mazars).

AC/74/21 CHAIR'S ANNOUNCEMENTS AND ITEMS OF URGENT BUSINESS

The Chair informed the Committee that item 14 – HMICFRS GMFRS Inspection Report would be considered as the first substantive item of business.

AC/75/21 DECLARATIONS OF INTEREST

RESOLVED /-

There were no interests declared in relation to any item on the agenda, by any Member of the Committee.

AC/76/21 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 30 NOVEMBER 2021

RESOLVED/-

That the minutes of the meeting of the GMCA Audit Committee held on 30 November 2021 be approved as a correct record.

AC/77/21 GMFRS HMICFRS INSPECTION OUTOMES AND ACTIONS

Dave Russel, Chief Fire Officer, GMFRS gave a verbal update on the recent HMICFRS Inspection which was the second inspection undertaken since the initial one in 2019, within which there were two causes for concern which had been closed at this more recent inspection. However, one additional cause for concern was raised at this second

inspection in June 2021 in relation to Greater Manchester's preparedness for a marauding terrorist attack.

The inspection undertaken by HMICFRS was constituted through three pillars, efficiency, effectiveness and people, each being given an overall grading between inadequate and outstanding. In 2019, each of the pillars received a 'requires improvement' grading, however at the recent inspection the people pillar received a 'good' grading which recognised the work that had been undertaken to ensure that staff feel considered and that the organisation's values were effectively promoted.

The Chief Fire Officer felt that the inspection report was fair and balanced and reflected an organisation that was improving. GMFRS were already aware of the issues as evidenced by the fifteen areas of improvement that the report identified, and work was already underway to address these through effective change and a priority on the culture within the service. There was confidence within the senior management that the Improvement Action Plan would support the service in moving to a 'good' grading and then an 'outstanding' grading across all pillars as it was felt that all the ingredients were present, they just needed to be brought together more effectively.

The cause for concern as identified in the inspection was in reference to the effectiveness of the short-term rolling agreement in order to respond to a marauding terrorist attack through a deployable team in Merseyside which was recognised as an unsustainable solution. Therefore, this was an immediate priority for the Chief Fire Officer and work was underway in collaboration with the Fire Brigade Union (FBU) to develop a long term sustainable solution that enabled every fire officer to be trained accordingly and appliance in Greater Manchester to be upgraded to allow every area of GM to be covered. This proposal had been considered by the Home Office and GM Mayor and had now been submitted to HMICFRS on the 31 October 2021. It was also subject to a ballot with the FBU which was currently underway and due to complete on the 7 February 2022. As part of this process, every fire station in GM had been visited and conversations regarding the detail of the proposals had been undertaken.

The next stage of the inspection would include a further visit from the HMICFRS during the summer of 2022 to re-assess the cause for concern and whether a solution was now

in place to ensure GM was as well protected as possible and the issue could be closed. The other fifteen areas of improvement identified in the report have formed GMFRS' HMIC Improvement Action Plan and would be continually reviewed on a six-weekly basis through the Deputy Mayor's Executive meetings.

The report also highlighted the need for a further tightening of the prevent and prevention focus for the organisation and in response to this, a new Prevention Strategy had been launched, along with a newly designed Home Fire Risk Assessment that would be specifically targeted at those people at risk, rather than the previous universal approach and each intervention would be closely assessed through an evaluation framework. In addition to this, a new Protection Strategy had been produced which was currently awaiting sign off alongside the new Business Engagement Strategy.

Members thanked the Chief Fire Officer for his informative and encouraging verbal update.

In respect of the training for all officers on marauding terrorist attacks, members questioned as to whether this would become ineffective if officers were not required to use this on a regular basis. The Committee were informed that the training would include a wide range of trauma-based skills which could be used at any catastrophic incident and would not solely apply to terrorist attacks. It would be undertaken with other Category One responders and raise the bar for firefighters to provide further assistance to paramedics in relation to patient care. Further to this, there would be no impact on recruitment as the role of the Firefighter was recognised as being much broader than previously, and appointments were now made on values in the knowledge that skill sets could be developed. The proposals for additional training for all fire fighters had been received well amongst officers already within the organisation and through the visits to each fire station, senior officers had been able to provide responses to questions regarding the details of the proposals. The current ballot had already been given to FBU members with a recommendation to accept from the Council of the FBU which was another positive indicator.

Members noted that the Public Inquiry (volume 2) into the Arena attack was scheduled to be published in May 2022 and questioned as to whether there should be a robust plan

in advance of this to address the HMICFRS Inspection outcome relating to marauding terrorist attacks. Officers reiterated that this was already being addressed and it was hoped that the cause for concern would be closed following a further inspection in the Summer 2022. Further to this, Members noted that this risk had previously been raised on the GMCA Risk Register and questioned as to why it had been removed as this had resulted in the loss of visibility by the Audit Committee. Officers confirmed that this risk had previously scored above 16 and was escalated through the risk register to the GMCA Audit Committee, it had since been reviewed and scored less than 16 and therefore no longer featured as an escalated risk. It was suggested that going forward there should be some narrative included on the Risk Register regarding those which had been removed to ensure that the Committee could retain observation on their status.

RESOLVED/-

1. That the verbal update be noted.
2. That the GMFRS HIMC Improvement Action Plan be shared with the GMCA Audit Committee for information.
3. That future Risk Registers would include some narrative as to those risks which were no longer classified as 'escalated' and had been removed from the register.

AC/78/21 INTERNAL AUDIT PROGRESS REPORT

Sarah Horseman, Head of Audit and Assurance, GMCA provided an update on progress against the Internal Audit Plan since the last report to committee and executive summaries of the internal audit completed within this period in relation to GMCA Programme and Project Governance, Loan Approval Decisions (Core Investment Funds) and Supporting Families Programme, across which, a number of small improvements had been identified.

There had been one Whistleblowing case since the last report which had been closed with no further action required.

In relation to external quality assessment, there had been 24 actions identified, 13 of which had been completed and there was a proposal to extend five of those outstanding.

Members questioned how the recommendations identified in the Supporting Families Programme audit had been alerted to each GM Local Authority who were responsible for their delivery and further to this, how their own Audit Committees had been informed. Officers confirmed that these should be picked up by each Local Authority Audit Team and included in their Internal Audit Action Plan but that this would be reiterated to the Chief Audit Executive meeting to seek further assurance that this was being done.

It was noted that the internal audit into GMCA Programmes and Projects had looked predominately at the availability of policies and strategies and that there had not been consideration given to compliance against these documents. Officers agreed that the scope of these initial audits had been broad, but that future audits would include in-depth reviews to test compliance. Further to this, the executive summary documents did not include management's response to the audit outcomes or timescales for delivery of improvements. Officers confirmed that this detail was included in the full reports and then transferred to the appropriate action tracker, however consideration would be given as to whether this information could feature in the Executive Summary in addition.

The potential changes to the Audit Plan cited deferrals, Members requested the budgetary controls audit to be undertaken early in 2022/23 in order to address any actions arising as soon as possible as this would be fundamental to the organisation and cut across the work of the Audit Committee. It was also suggested that the performance related actions following the peer review of Internal Audit be included within the Annual Review of Internal Audit report to the next meeting of the Committee.

Members highlighted that there was a significant amount of money externally managed on behalf of the Core Investment Funds and welcomed further interrogation by Internal Audit. Officers confirmed that this work would be included in the plan for 2022/23.

RESOLVED/-

1. That the progress report be noted.
2. That the changes to the Audit Plan be approved.
3. That Sarah Horseman, Head of Audit and Assurance would discuss shared internal audit actions with the Chief Audit Executive meeting and seek some process assurance.
4. That Sarah Horseman, Head of Audit and Assurance would provide Cllr Boyes with a breakdown of the Covid-19 Emergency Active Travel Fund allocations.
5. That future internal audit activity in relation to GMCA Programmes and Projects would include some in-depth reviews to ensure compliance against the policies and strategies in place.
6. That consideration would be given as to whether to include the management response to the identified issues within the Executive Summaries of internal audits.
7. That the audit relating to budgetary control be undertaken early in 2022/23 in order to address any actions as soon as possible.
8. That the performance related actions as identified by the peer review into Internal Audit be included in the Annual Review of Internal Audit.
9. That there would be a further audit of externally managed funds on behalf of the Core Investment Fund undertaken in 2022/23.

AC/79/21 AUDIT ACTION FOLLOW UP

Sarah Horseman, Head of Audit and Assurance, GMCA informed the Committee that 70% of the internal audit actions had already been implemented, which was on track but slightly lower than the 85% target. The graph in section 4 of the report gave further detail of the status of each individual audit. A small number of actions had been extended regarding fleet and performance management to take account of associated ongoing work and officers were assured that these extensions would be beneficial to the ultimate delivery of the action.

RESOLVED/-

That the report be noted.

AC/80/21 PLANNING FOR 2021/22 AUDIT OPINION

Andrew Lightfoot, Deputy Chief Executive of the GMCA reminded the Committee that a limited assurance opinion was given in 2020/21 from Internal Audit. It highlighted specific concerns regarding corporate governance arrangements relating to performance management and the appointment of Mayoral Advisors, amongst other recommendations. All of which were being actively addressed and the report set out the steps taken to address each audit action.

There had been good progress made in relation to increasing the effectiveness of performance management, integrating a consistent approach across all elements of the business removing any residual silos following previous organisation mergers. A strong framework had been developed that included a wide range of indicators including information governance and legal aspects that was reported to the Chief Executives Management Team on a quarterly basis and would also be reported to the Resources Committee, through an expanded terms of reference, to ensure greater visibility.

In relation to the Mayoral Advisors, the recommendations of the audit had been implemented and any new appointments would now be subject to approval by the Resources Committee, their allowance would appear in the public domain, they would be required to complete an Annual Declaration of Interest and they would not be eligible to bid for any contract with the GMCA.

There was a strong emerging approach to risk management across the GMCA, with a significant amount of work being undertaken at a corporate level in the organisation, the assessment for this quarter was just beginning and officers were confident that it would evidence even greater conformity.

Members of the Committee recognised that there had been substantial progress in relation to risk management and establishing a risk management framework, however as some measures had only been in place for a short period, it was noted that the audit opinion may be challenging. Officers agreed that although there would be challenges with an audit opinion after some controls had only just been implemented, it would clearly

be able to demonstrate a change in direction of travel and provide a snapshot of evidence at a specified point.

In relation to this, members of the Committee urged that risk frameworks be a standing agenda item across all management teams within the organisation to further mature the approach to risk management and the guiding of a department's direction. It was suggested that further work be undertaken to encourage regular reviews of specific risks and that the Chief Executives Management Team take a closer look as to how this approach was being embedded across the organisation.

RESOLVED/-

1. That the report be noted.
2. That the framework by which quarterly reports were submitted to the Chief Executives Management Team would be circulated to the Committee.
3. That Andrew Lightfoot, Deputy Chief Executive would review the frequency of risk registers being considered by individual management teams to ensure consistency across the organisation.

AC/81/21 RISK MANAGEMENT UPDATE REPORT

Sarah Horseman, Head of Audit and Assurance, GMCA introduced a report which provided the current position of all strategic and escalated risks. Following a number of risk workshops held across the organisation, departments were now able to see the golden thread from their local risks to corporate risks demonstrating the growing maturity of the GMCA. The team would continue to run workshops, embedding processes across departments and supporting colleagues to calibrate and moderate their risk scoring.

Section 3 of the report highlighted those risks which scored 16 or over and were escalated to the Corporate Risk Register alongside the current strategic risks. Members were keen to ensure that no risks were removed from the Corporate Risk Register without some narrative to explain why it had been removed. In addition,

members asked whether changes in risk ratings could also be included in future reports so that their escalation or de-escalation could be monitored.

RESOLVED/-

1. That the report be noted.
2. That the Chair, in conjunction with the Head of Audit and Assurance would review the Corporate Risk Register in order to determine any areas for specific deep dives.
3. That Sarah Horseman, Head of Audit and Assurance would provide reasoning as to the reduction in risk level alongside the climate change carbon reduction risk on the register directly to Grenville Page.
4. That future Risk Registers would detail previous ratings to evidence to the Committee where a risk had been deescalated or escalated.
5. That TfGM be asked to provide Cllr Chris Boyes details on the reliability of the 'touch in – touch out' system for Metrolink ticketing.

AC/82/21 TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23

The GM Treasurer, Steve Wilson took members through the Treasury Management Strategy Statement for the forthcoming year, which was to be considered by the GMCA alongside the budget setting process to determine the potential levels of required borrowing.

This report explained that the current requirement for capital expenditure was £496m, of which some would be grant funded and the other made up from reserves, resulting in a capital financing requirement of £182m. Although cash reserves over previous years had seen no requirement for the GMCA to borrow any further monies, this financing requirement would result in some borrowing for 2022/23. Officers noted that this would be a period of uncertainty in relation to interest rates and inflation, which was expected to increase to a base rate of 1.25% over the year but that there would be minimal impact to the GMCA.

Section 3 of the report explained how there was a proposal for a minimum revenue provision policy to be adopted across all departments of the GMCA which would set out a specific approach to any future borrowing and ensure that re-payments were spread out more evenly. The reference to the private finance initiative for police assets further reiterated the benefits of extending the repayment as the life of the asset was greater than the term of the borrowing. This proposal was currently subject to legal ratification, following which would be submitted for consideration by the GMCA and if approved would be applied to all future borrowing.

RESOLVED/-

1. That the report be noted and recommended for approval by the GMCA.
2. That a training session on Treasury Management would be scheduled between now and the next meeting of the Committee.

AC/83/21 CAPITAL STRATEGY 2022/23

The GM Treasurer, Steve Wilson introduced a report which set out the capital programme for 2022/23, detailing £496m of spend subject to budgetary approval by the GMCA. One of the most significant areas of capital investment was as a result of Greater Manchester being awarded £1.07b through the City Region Sustainable Transport Settlement, however final specifics were to be confirmed.

Members recognised the significant amount of money within the Capital Strategy for the forthcoming year and urged for regular opportunities to review the assurances against its spend. Officers agreed to bring updates as required in addition to the regular Treasury Management reports.

RESOLVED/-

1. That the contents of the report be noted and recommended for approval by the GMCA.
2. That the Committee will be updated should the overall capital programme figure change following the budget setting process by the GMCA.

3. That the Audit Committee be given regular opportunity to review the assurances in relation to capital infrastructure spend, especially in relation to transport development.

AC/84/21 GMCA ACCOUNTS SIGNED OPINION 2020/21

Mark Dalton, External Auditor, Mazars took members through the signed opinion on the GMCA accounts for 2020/21 which was issued on the 20 December 2021. The three areas of outstanding work had been completed and there were no further issues to report.

RESOLVED/-

That the report be noted.

AC/85/21 EXTERNAL AUDIT 2020-21 AUDIT COMPLETION REPORT FOLLOW UP LETTER

Mark Dalton, External Auditor, Mazars presented the follow up letter on the audit completion report which formally closed the accounts for 2020/21.

RESOLVED/-

1. That the letter be noted.
2. That the Committee receive a report on the outcomes of the NAO guidance once the whole of government accounting review is completed.

AC/86/21 OPTIONS FOR APPOINTMENT OF EXTERNAL AUDITOR FROM 2023/24

The GM Treasurer, Steve Wilson introduced a report which presented three choices for public bodies when selecting their approach to external audit for 2023/24. Officers recommended option 3 which would see the GMCA opting into the national process for appointing an external auditor, removing the risk to the organisation as a result of the

current challenging market. It was agreed to delegate the submission of the formal decision (before the 11 March 2022) to the GMCA Treasurer.

RESOLVED/-

1. That the recommendation for GMCA and GMP to opt-in to the Public Sector Audit Appointment (PSAA) body for appointment of external auditors be noted.
2. That the proposal to continue with local joint procurement arrangements for the provision of external audit services with TfGM and other Greater Manchester authorities be noted.
3. That authority be delegated to the GMCA Treasurer, in consultation with the Chair of the Audit Committee, to agree the final recommended option to be made to GMCA and Police and Crime Panel.

AC/87/21 GMCA AUDIT COMMITTEE WORK PROGRAMME AND ACTION TRACKER

The Chair presented the Work Programme and Action Tracker for consideration by the Committee. Officers agreed to pick up the one outstanding action, and offered to ensure that the findings from the cyber audit would be incorporated into the Internal Audit Action Tracker.

RESOLVED/-

1. That the work programme and action tracker be noted.
2. That Steve Wilson, Treasurer to the GMCA provide advice to members of the Audit Committee on the implications of the publication of the regulatory guidelines in relation to external audit.

AC/88/21 DATE AND TIME OF FUTURE MEETINGS

RESOLVED/-

That the GMCA Audit Committee would next meet on 22 April 2022.