

Audit Committee

Date: 20th September 2023
Subject: Annual report of the Audit Committee Interim Chair 2022/23
Report of: Audit Committee Interim Chair

PURPOSE OF REPORT:

Annual Report of the Audit Committee Chair.

RECOMMENDATIONS:

There are no recommendations in the report

The GMCA Audit Committee is requested to:

Note the content of the report.

CONTACT OFFICERS:

Grenville Page (Interim Chair). Email c/o paul.harris@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management:

There are no risk management considerations

Legal Considerations:

No legal impact

Financial Consequences – Revenue:

N/A

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

Financial Consequences – Capital:

N/A

Number of attachments to the report:

Nil

Comments/recommendations from Overview & Scrutiny Committee:

N/A

BACKGROUND PAPERS:

The author has relied on reports to the Audit Committee for the period 1 April 2022 to 31 March 2023.

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?	Yes / No [Delete as appropriate]
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?	No
GM Transport Committee	N/A
Overview & Scrutiny Committee	N/A

Annual Report of the Audit Committee Chair 2022/23

1. Introduction

I am pleased to present the report of the Audit Committee Chair for the year 2022/23. This report provides a retrospective review of the work of the committee and covers the period from 1 April 2022 to 31 March 2023.

I thank and commend all the officers and staff of GMCA who contributed to the work of the committee over the last year. I also thank the members of this Committee for their continued enthusiasm and commitment to scrutinise, challenge and support the GMCA through their participation in Audit Committee meetings.

2. The Audit Committee

The Audit Committee is a key component of GMCA's corporate governance, providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance to Members of GMCA on governance, risk management and the control frameworks. It has delegated power to approve the annual accounts and it oversees year-end financial reporting, the Annual Governance Statement process and internal and external audit arrangements, to ensure efficient and effective assurance arrangements are in place.

The minutes from Audit Committee meetings are presented to meetings of the GMCA.

3. Membership

The Audit Committee comprises 8 members: four elected members proposed by districts (plus two substitute members) and four independent members appointed by GMCA. The quorum for meetings is six members. In the year, the membership comprised the following:

Gwyn Griffiths (Independent)

Grenville Page (Independent) (Interim Chair from March 2023)

CLlr John Walsh (Bolton Council)

Cllr Sarah Russell (Manchester City Council) (Chair until March 2023)
Cathy Scivier (Independent)
Susan Webster (Independent)
Cllr Mary Whitby (Bury Council)
Cllr Peter Williams (Rochdale Council)
Cllr Christine Roberts (Wigan Council) (substitute Member)
Cllr Tracy Kelly (Salford City Council) (substitute Member) (resigned October 2022)
Cllr Tom McGee (Stockport Council) (substitute Member) (appointed November 2023)

4. Meetings

The Audit Committee met in person, on four occasions during the municipal year on 27 July 2022, 19 October 2022, 25 January 2023 and 15 March 2023. All meetings are held at venues that are open to the public and are also livestreamed on the GMCA website.

Member attendance was generally good, as set out below:-

Gwyn Griffiths - attended 3 of 4 meetings.
Grenville Page - attended 4 of four meetings.
Cllr Sarah Russell – attended 4 of 4 meetings.
Cathy Scivier – attended 2 of 4 meetings.
Cllr John Walsh -attended 4 of 4 meetings.
Susan Webster – attended 3 of 4 meetings.
Cllr Mary Whitby – attended 3 of 4 meetings.
Cllr Peter Williams – no attendance

Cllr Tom McGee – attended as a substitute on 3 occasions.

Cllr Christine Roberts - attended as a substitute on one occasion.

5. Review of the year

During 2022/2023, the Audit Committee had a full work programme which was used to provide focus and formulate agenda items for meetings which fulfilled the Committee's statutory obligations. This work programme is appended to the report.

The Committee received regular updates on Risk Management. The risk framework for GMCA has continued to develop, guided by Deputy Director of Audit and Assurance, Sarah Horseman and supported by the Corporate Risk Manager.

Following a request by Members, a section in the Risk Register Update report will provide details of risks with high inherent scores but that are mitigated to a score of <16, be included for future reports.

Members also requested deep dives of those risks where the level of assurance had been identified by the committee as requiring further scrutiny or where progress has not been made. During the year such deep dives focused on Transport risks, Grants, ICT/cyber security and the HMICFRS Greater Manchester Fire and Rescue Service review. The deep dives enabled members to maintain a high level of understanding of the complexities and breadth of GMCA activities.

During the year, the committee received regular updates on the work of Internal Audit. There were 15 audit reports issued, nine of which provided Reasonable Assurance over the processes and controls in place, five provided limited assurance and one was an advisory piece of work therefore not providing an opinion.

Based on the work performed, the Head of Internal Audit Opinion has been received by the Committee which provides reasonable assurance over the arrangements for governance, risk management and internal controls. This opinion reflects the continued progress made in relation to the evolving maturity of risk management arrangements in place within GMCA and in the continued development of the performance management framework, including the 2022/23 business plan and associated periodic reporting against milestones and metrics within it.

The GMCA Solicitor provided a report which set out the legislative and constitutional framework in relation to the Audit Committee and the Joint Audit Panel – Police and Crime, following a request from the Committee to understand the responsibilities of the Panel and for the committee to have assurance. This relationship has been updated in the Committee's Terms of Reference. The Committee will continue to receive regular updates on the work of the Panel.

In line with the CIPFA issued revised guidance for Audit Committee Members, entitled "The Audit Committee Member in a Local Authority". The Deputy Director Audit and

Assurance conducted a survey of Members and officers on the effectiveness of the Committee. A report on the findings and suggested action plan was considered by the committee at its March meeting.

I recognise the hard work made by the GMCA Finance team on the production of GMCA's draft unaudited Accounts for 2021/2022 and note that this was undertaken in accordance with the timetable laid down by the statutory instrument¹. However, Members were disappointed that the publication of the accounts has been delayed primarily due to a national technical issue in respect of accounting for infrastructure assets which arose during 2022 which has resulted in the audit not being completed.

In light of this delay, the Committee agreed to delegate authority to the GMCA Treasurer in consultation with the Interim Chair of the Audit Committee, to finalise the 2021/2022 Accounts upon completion of the audit.

Similar concerns relating to the 2022/2023 unaudited have been highlighted at the Committee meetings and Members remain hopeful that this audit will be completed within the extended timeframe.

Mazars, External Auditors attended committee meetings to provide progress updates on the Audit and advise the Committee on any areas of concern.

Whilst the issues causing the delays to the finalisation of the Combined Authority's accounts are related to national factors and reflect the experiences of many Local Authorities across England, it is not acceptable that as GMCA are producing their accounts form 2023/24, it is highly likely that the 2021/22 and 2022/23 accounts will remain unaudited.

¹ The Accounts and Audit (Amendment) Regulations 2022

6. Looking Forward

The committee is looking forward to the new municipal year which will begin with consideration of the draft unaudited accounts and annual governance statement.

Through the receipt of regular reports and a comprehensive work programme, the committee will provide the usual level of robust challenge to corporate governance and audit practice and procedure across the Authority, to ensure that our arrangements are up to date and fit for purpose, communicated, embedded and routinely complied with.

In addition, the committee will request and consider reports in relation to relevant matters which come to our attention during the course of upcoming the year.

Following the consideration of a report on the new Overview and Scrutiny governance arrangements, the committee has recommended to officers that the matter or remuneration of elected members appointed to the Audit committee be explored further.

In noting that an Independent Member has expressed that they wish only to serve for one more year, officers will be undertaking a recruitment exercise for the appointment of a new independent member during the course of the year.

The outcome of the Committee effectiveness exercise identified the need for specific training opportunities for members and the undertaking of skills audits for members.

The wider devolution of responsibilities to GMCA through the Trailblazer devolution agreement will see greater challenges and risks to the Authority, both in terms of financial and governance arrangements and the work of this committee going forward will continue to challenge and understand that there are robust processes in place to provide the appropriate level of assurance and look forward to working with the Committee members and officers to ensure this is the case.

Grenville Page
Independent Member and Interim Chair
September 2023