

Minutes of a Meeting of the Greater Manchester Combined Authority Audit Committee, held on Wednesday 24th January 2024 at GMCA Offices, Tootal Buildings, Manchester M1 6EU

Present:

Councillor Dylan Butt	Trafford Council
Gwyn Griffiths	Independent Member
Councillor Shelley Lanchbury (substitute Member)	Manchester City Council
Councillor John Merry	Salford City Council
Grenville Page	Independent Member (Chair)
Catherine Scivier	Independent Member
Susan Webster	Independent Member
Councillor Mary Whitby	Bury Council

Officers:

Steve Wilson	GMCA Treasurer
Andrew Lightfoot	GMCA Deputy Chief Executive
Rachel Rosewell	Deputy Treasurer, GMCA
Sarah Horseman	GMCA Deputy Director, Audit and Assurance
Damian Jarvis	GMCA Internal Audit Manager
Lindsey Keech	Head of Finance (Capital and Treasury), GMCA
Helen Fountain	Principal Accountant, GMCA
Karen Macrae	Head of Finance (Corporate and Technical), GMCA
Phil Swan	Digital Director and Chief Information Officer, GMCA
Paul Wilkinson	Head of Digital Solutions & Cyber Security Lead, GMCA,
Luke Smith	Technical Design Lead, GMCA

Paul Harris

Governance and Scrutiny, GMCA

In attendance:-

Karen Murray

Mazars, External Auditor

Daniel Watson

Mazars, External Auditor

Tony Cobain

MIAA

AC 37/23 Apologies for Absence

Apologies were received and noted from Councillors Caroline Carrigan (Stockport Council), Councillor Christine Roberts (Wigan Council) (Substitute Member) and from Councillor David Molyneux, Portfolio Lead Member.

AC 38/23 Chair's Announcements and Urgent Business (if any)

The Chair extended a welcome to all those present at the meeting.

AC 39/23 Declarations of Interest

There were no declarations made by any member of the Committee in respect of any item on the agenda.

AC 40/23 Minutes of the Previous Audit Committee Meeting

The minutes of the previous meeting of the Audit Committee held on 15th November 2023 were submitted.

Resolved/-

That the minutes of the meeting of the Audit Committee, held on 15th November 2023, be approved as a correct record.

AC 40/23 Update from the Joint Audit Panel

The GMCA Treasurer gave an update on the work of the Joint Audit Panel (Police and Crime). The minutes of the Joint Audit Panel (Police and Crime) meeting, held on 30th November 2023 were also provided.

The GMCA Treasurer also provided a verbal update of the Joint Audit Panel meeting from 23 January 2024 which included the 21/22 Audit sign-off and the arrangement for the proposed precept for police.

A copy of the Joint Audit Panel Chair's report was to be circulated for members' information.

In response to an enquiry from a member, it was noted that the Panel meeting on 23rd January there was not any discussion in respect of risk following the Rochdale report into child sexual exploitation and subsequent whistleblowing matter.

Members also noted that work was taking place to explore changes to the tenure of the Joint Panel Independent members and a possible reappointment and recruitment process.

A member asked if there was further information on the operational model audit and the response rate to Freedom of information (FOI) requests. In response, it was noted that there are arrangements in place within GMP to monitor progress in addressing FOI requests.

Resolved/-

1. That the update from the Joint Audit Panel be received with thanks and noted.
2. That the Joint Audit Panel Annual report and the minutes from meeting of the Panel, held on 30th November 2023, be noted.

AC 41/23 Discussion on Audit Committee Arrangements

The Chair introduced a paper which sought comments and suggestions from Members of the committee on the attached discussion paper which takes stock of

the work and role of the Audit Committee and explores potential future arrangements under the Trailblazer devolution settlement to ensure an effective Audit Committee for the future.

The report presented an overview of current position; Independent member tenures and current position; Membership and Recruitment; Induction; Development and training; Frequency and location of meetings; Scrutiny committees; and Remuneration.

In respect of Independent Member tenures, it was suggested that the length of tenure is set at 2 x 3 years plus 3 x 1 year giving a maximum of 9 years. The last 3 individual annual appointments being agreed based on business need and to support a smooth flow of change in independent membership.

Gwyn Griffiths confirmed that he would be stepping down as an Independent Member at the end of the municipal year. This would allow for the skill set of the committee to be reviewed. It was noted that officers were to commence a recruitment process.

The report recommended that in respect of training and development for members, a rolling programme for development and training sessions that can be kept in view taking account of the changing economic, fiscal, legal and service landscapes as relevant to GMCA and GM, and ensuring new members receive core basic elements as part of the induction programme. It was suggested that the Audit Committee Chair and GMCA Treasurer in liaison with Committee members develop a framework for Member development that will be considered by the Audit Committee by March 2024. In addition, it was also suggested that a programme and schedule of development sessions either tagged onto formal meetings or as separate development day and consider the number of meetings needed per year to conduct business and effectively discharge responsibilities. This programme of sessions would be linked to the Committee work programme.

The Chair highlighted that it would be beneficial to develop arrangements for appropriate liaison to take place between the Audit Committee Chair and Scrutiny Committee Chair at least once a year, probably twice a year, and/or Committees.

The report also reiterated previous discussions in respect of the remuneration of independent and elected members which sit on the committee. A benchmarking exercise was to be undertaken.

Following a comment from a Member in respect of attendance of members, it was noted that member attendance across all GMCA committees. A Member also highlighted that some council appointed members will have some conflict with council business and that could impact upon their ability to attend meetings.

A Member highlighted the importance of induction training for members as GMCA Audit Committee is different from what happens within localities. It was also noted that the Local Government Association provided good member training.

In welcoming the discussion paper, the Treasurer highlighted the upcoming training sessions that have been organised and noted that the reintroduction of specific service information sessions would also be helpful for members. Work was taking place to develop better links between the Audit Committee and GMCA Overview and Scrutiny Committees, particularly where there are shared risks.

Members noted that work has also taken place in respect remuneration benchmarking with other GM authorities.

Resolved/-

1. That the report and discussions be noted.
2. That officers be instructed to review the length of tenures for Independent Members tenure is set at 2 x 3 years plus 3 x 1 year giving a maximum of 9 years and that proposals to this regard be brought back to the next meeting of this committee.

3. That it be noted that Gwyn Griffiths will be retiring as an Independent Member of the Audit Committee at the end of the municipal year.
4. That a recruitment processes for the appointment of an Independent Member be commenced at the earliest opportunity.
5. That a framework for a Committee Member training and development programme be developed, including induction training, in consultation with Committee members.
6. That specific briefing and training in respect of deep dive topics be introduced and tagged to future meetings of the Committee and linked to the Committee work programme.

AC 42/23 Risk Management Update Report

The Corporate Risk Manager, GMCA, introduced a report which informed Members of the Audit Committee of changes in the GMCA Strategic and key operational risks. The report also provided an update on the risk management activities undertaken since the last meeting. The report also gave an update on the Risk Maturity Exercise 2023.

It was noted that the report highlighted those significant updates to risks which included Capital Grants (GMFRS); Strategic Analytical Capability to support the Single Settlement leadership (Finance); Cyber security (Digital) / Cyber-attack (Information Governance); and Unacceptable Use of Artificial intelligence (Information Governance).

A Member asked if there was an interface in place between GMCA Internal Audit and respective GM local authorities risk registers in relation to specific risks, such as cyber security. In response, it was noted that each district will have its own individual risk management arrangements. Common risks can be raised with Heads of Internal Audit and GMCA Internal Audit across the City Region.

In response to skills shortages within the Digital Directorate, a Member suggested that this service needed to be resourced to be able to respond to potential risks as they emerge.

Following an enquiry from a Member, it was noted that the Joint Audit Panel continues to oversee the management of the Police records management system as part of the GMP Risk Register.

A Member highlighted that there will be some GMCA risks which will also have consequential risks for local authorities. An example of the impact Metrolink may have on regeneration of a district was suggested. In addition, it was also suggested that as well as fiscal risks, reputational risks of public facing services should also be considered.

A Member welcomed the report and the way in which the maturity of risks was being managed. The Member commented that it would be helpful to understand the approach across directorates on how cumulative risks or new risks, such as artificial intelligence, are managed. In response, it was noted that the Corporate Risk Manager will work across directorates to address risk, to collaborate and mitigate any risks.

In welcoming the report, a Member requested that new risks and increases and decreases in the scores of risks be included within the introduction section of the report. In addition, the Member commented that GMCA does not do enough to promote the good work taking place within GMCA.

A Member highlighted the need to understand inter-dependencies and cumulative impact of risks.

In terms of the proposed introduction Risk Champions, officers explained that the role and training for these roles.

Resolved/-

1. That the Risk Management update, as set out in the report, be noted.
2. That it be noted that the report will be updated to present new risks changes to the scores of risks be included within the introduction section of the report.

AC 43/23 Internal Audit Progress Report

The Deputy Director 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 2023/24. It is also used as a mechanism to seek approval of changes to the internal audit plan.

Members noted that since the last meeting in November 2023, the following three reports have been finalised and published from the 2023/24 plan:-

- ICT/Digital – Threat and Vulnerability Assessment - Limited Assurance.
- Purchase Card Compliance - Broadly Compliant.
- GMFRS Station Standards Framework – Reasonable.

A Member raised concerns in respect of the audit on purchase care compliance particularly that only 80% of transactions had documentation and the timing of purchase approvals by line managers. In response, it was noted that this audit was to test current Level 1 controls in place and that a follow up audit process would take place to understand where improvements have been made. In addition, a Member suggested the key messages to line manger staff be provided in respect of this matter.

In response to a Member's enquiry regarding GMFRS Station Standards, it was noted part of the recommendation was the administrative process.

A Member suggested that the sharing of good practice examples would be helpful. In addition, the sharing near misses or poor standards, where appropriate, can also help with continuous learning and improve risk management maturity. In response, it was noted that an organisation learning model is being introduced by GMFRS.

In response to an enquiry from a Member in respect of upcoming audits, it was noted that that of the draft reports being undertaken the Gartan system report may be of interest of a future report to the Audit Committee.

Resolved/-

That the update on Internal Audit progress, as set out in the report, be noted.

AC 44/23 Internal Audit Action Follow Up

Sarah Horseman, Deputy Director of Audit and Assurance, GMCA introduced a report which advised Audit Committee of the progress made in implementing the agreed actions from internal audit assignments.

The report explained that as of January 2024, 78% of Internal Audit actions due in the last 2 years have been implemented, against the target rate of 85%.

A Member highlighted the outstanding actions regarding measures in place for the use of consultants and contractors. In response it was noted that these matters are continually monitored and report audit actions to GMCA Senior Leadership Team on a quarterly basis.

A Member requested that where high rated recommendations are not completed by the end of February 2024 that the relevant officer be invited to the next appropriate Audit Committee.

In response to an enquiry from a Member, officers undertook to explore how the narrative of future reports can include Audit officer judgements and emerging issues or areas of concern.

Resolved/-

1. That the update on Internal audit actions be noted.
2. That it be noted that where high rated recommendations are not completed by the end of February 2024, that the relevant officer be invited to the next appropriate Audit Committee.
3. That it be noted that officers will undertake to explore how the narrative of future reports can include Audit officer judgements and emerging issues or areas of concern.

AC 45/23 Treasury Management Quarter 3 Update

The GMCA Treasurer introduced a report which provided Members with an update on treasury management activities during the third quarter of 2023/2024.

In respect of the report format, a Member suggested that an introductory, explanatory paragraph be included in the report going forward.

With regard to the investment portfolio appended to the report, a Member enquired if investments in local authorities were monitored. In response, it was noted that a watch list of local authorities which are of concern where the GMCA would not invest in.

Resolved/-

1. That the Treasury Management update be noted.
2. That it be noted that in response to a request from the committee an introductory, explanatory paragraph be included in future Treasury Management update reports.

AC 46/23 External Audit Progress

Members considered a report from Mazars, LLP External Auditor which provided an update on progress.

The Chair asked when the value for money reports for 2022/23 and 2023/24 will be ready and concentrate focus on the most recent audit. In response and recognising the suggested approach from the committee, Mazars explained that when the 2022/23 audit is completed VFM would not be reported until the completion of the 2023/24 audit process. It was noted that this would mean that there would be weaknesses in the public reporting, and it was suggested that a separate discussion on this matter would take place between Mazars and the GMCA Treasurer.

It was noted that consultation was to take place in respect of a national backstop date of 30th September 2024 to deal with unaudited accounts. In response, a

member asked if discussions were taking place with the ten GM local authorities about a joint response to the consultation. Officers highlighted that in addition to this joint response, discussion will also take place with the nine combined authority regions and with the Local Government Association.

Following an enquiry from a Member regarding changing the reporting cycle to report on Value for Money earlier. In response, Mazars noted that Value for Money generally conclude the audit process but undertook to explore how this matter can be concluded quickly, ahead of the introduction of any backstop deadline.

Where a disclaimer on the accounts as a result of the potential backstop, a Member commented that this may impact on how GMCA is perceived and may impact upon the authority's borrowing position.

Resolved/-

That the report of the External Auditor be received with thanks and noted.

AC 47/23 Audit Committee Work Programme

Members considered the committee work programme which set out a list of proposed items that will provide a focus for the work of the committee for the remainder of the municipal year.

A Member suggested that an induction on Employment, Work and Skills matters would be helpful. Members were invited to submit any suggested items for the work programme.

Resolved/-

1. That the work programme be noted.

2. That Employment, Work and Skills be included as a future deep-dive item at a future, appropriate committee.

AC 48/23 Acknowledgement

The Chair, on behalf of the Committee wished to place on record thanks to Rachel Rosewell, Deputy Treasurer, GMCA who was leaving the Authority to take up the role of Treasurer of Salford City Council. Members offered best wishes to Rachel for the future.

AC 49/23 Exclusion of the Press and Public

Members are asked to consider 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 item of business on the grounds that this involved the likely disclosure of exempt information, as set out in paragraph 3 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 50/23 Cyber Security

Members received an update from Tony Cobain of MIAA in respect of a recent cyber security audit.

A presentation from the Head of Digital Solutions and Cyber Security Lead, GMCA, was also presented which provided an overview of the cyber security programme at GMCA.

Resolved/-

That the updates be received with thanks and noted.