

ITEM 3

MINUTES OF THE ANNUAL MEETING OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE, HELD ON TUESDAY 18 JUNE 2019 AT THE FRIENDS' MEETING HOUSE, MOUNT STREET, MANCHESTER

PRESENT:

Gwyn Griffiths (Chair) Independent Member

Catherine Scivier Independent Member

*Councillor Peter Malcolm Rochdale Council

Councillor Colin McLaren Oldham Council

Councillor Mary Whitby Bury Council

*denotes substitute Member.

ALSO PRESENT:

Daniel Watson Mazars External Auditor (2018/19)

Mark Kirkham Mazars External Auditor (2018/19)

OFFICERS:

Richard Paver GMCA Treasurer

Sarah Horseman GMCA Audit and Assurance

Tom Powell GMCA Internal Audit

Damian Jarvis GMCA Internal Audit

Amanda Fox GMCA Finance

Helen Fountain GMCA Finance

Paul Harris GMCA Governance and Scrutiny

AC 19/37

APOLOGIES

An apology for absence was received and noted from Councillor Chris Boyes (Trafford Council).

The GMCA Treasurer informed Members that a resignation from Councillor Joanne Marshall (Wigan Council) had been received. Members noted that the appointment of a replacement Member was to be considered at the upcoming GMCA meeting on 28 June 2019.

AC 19/38 APPOINTMENT OF CHAIR FOR 2019/2020

The GMCA Treasurer sought nominations for the appointment of Chair to the GMCA Audit committee for 2019/20.

A nomination for Gwyn Griffiths (Independent Member) to be re-appointed as Chair was moved and seconded. No other nominations were received.

RESOLVED/-

That Gwyn Griffiths (Independent Member) be appointed as Chair of the GMCA Audit Committee for the 2019/2020 municipal year.

GWYN GRIFFITHS IN THE CHAIR

AC 19/39 MEMBERSHIP OF THE GMCA AUDIT COMMITTEE FOR 2019/2020

The Committee was asked to note the following Membership for the 2019/20 Municipal Year, as agreed by the GMCA, at its meeting on 31 May 2019 :

Member	District	Party
Councillor Chris Boyes	Trafford Council	Con
Gwyn Griffiths	Independent Member	n/a
Councillor Colin McLaren	Oldham Council	Lab
Catherine Scivier	Independent Member	n/a
Councillor Mary Whitby	Bury Council	Lab
Vacancy		Lab
Substitutes		
Councillor James Grundy	Wigan Council	Con
Councillor Peter Malcolm	Rochdale Council	Lab

RESOLVED/-

- 1) That the Membership of the GMCA Audit Committee, for the 2019/20 Municipal Year as set out above, be noted.

- 2) That it be noted that following the resignation of Councillor Marshall, as reported above, the GMCA will consider the appointment of a replacement Audit Committee member at its meeting on 28 June 2019.

AC 19/40 MEMBERS' CODE OF CONDUCT

Members were reminded of their obligations under the GMCA Members' Code of Conduct.

RESOLVED/-

That the obligations be noted by those Members present.

AC 19/41 ANNUAL DECLARATION OF INTEREST FORM

Members were reminded of their requirement, in accordance with Sections 30 and 31 of the Localism Act 2011 and the GMCA Code of Conduct for Members, to complete and return their Annual Declaration of Interests form. Members also noted that their completed declarations will appear on the GMCA website.

RESOLVED/-

That the requirement of Members complete their Annual Declaration of Interests form, be noted.

AC 19/42 DECLARATIONS OF INTEREST

Members were asked to declare any personal or prejudicial interests in relation to any of the items appearing on the agenda for the meeting.

Councillor Peter Malcolm declared a personal interest in any matters relating to Greater Manchester Fire and Rescue Services and the Fire Pension fund.

RESOLVED/-

That Councillor Malcolm's personal interest above, be noted.

AC 19/43 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 16 APRIL 2019

The minutes of the meeting of the GMCA Audit Committee held on 16 April 2019 were submitted.

The Chair suggested that in light of the upcoming changes in personnel, an update on GMCA Internal Audit arrangements be provided to the next Audit Committee meeting.

RESOLVED/-

- 1) That the minutes of the meeting of the GMCA Audit Committee held on 16 April 2019, be approved as a correct record.
- 2) That an update on GMCA Internal Audit arrangements be provided to the next meeting of the Committee.

AC 19/44 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 4 APRIL 2019

The minutes of the meeting of the GMCA/GMP Joint Audit Panel, held on 4 April 2019 were submitted for information.

In response to an enquiry from a Member, officers noted that the Joint Audit Panel considers matters associated to the Police Fund and the minutes of the meetings are submitted to the GMCA Audit Committee for information.

Members noted that the Chair was to meet with the Chair of the GMCA/GMP Joint Audit Panel in the upcoming weeks.

A Member suggested that it would be helpful for Members to receive an overview of the expenditure associated with the functions of Fire, Police, Waste, Transport and other GMCA matters.

RESOLVED/-

- 1) That the minutes of the meeting of the GMCA/GMP Joint Audit Panel held on 4 April 2019, be noted.
- 2) That it be noted that the Chair will meet with the Chair of the GMCA/GMP Joint Audit Panel in the upcoming weeks.
- 3) That an overview of the expenditure associated with the functions of Fire, Police, Waste, Transport and other GMCA matters will be provided to the next meeting of the Committee, be noted.

AC 19/45 CORPORATE RISK REGISTER UPDATE

Richard Paver, GMCA Treasurer, introduced a report that provided Members with the first quarterly update of the Corporate Risk Register (CRR) for 2019/20. Members noted that the CRR identifies 18 risks recorded in the register, which remained unchanged from those reported to the Committee in April 2019. A copy of the Corporate Risk Register was set out at Appendix A to the report.

Members noted that there were not any material changes to the GMCA risk landscape and that there were only minor changes to the previously reported risk scores. The number of high risks recorded had reduced from five to four, with no new risks added to the register and no risks were removed during this quarter. It was also noted that a Governance and Risk Group review concluded and the Senior Management Team had subsequently recommended the following key changes be made to the CRR:-

- Risk 1 Brexit; risk status remained high to reflect the continued uncertainty and impact of a potential 'No Deal' Brexit. This risk is being monitored separately as part of the GMCA and GM Brexit Readiness Group and captured on a Brexit readiness action plan.
- Risk 7 Capital Programme and Programme Governance; The likelihood of reputational risk arising from delays or failure to deliver a number of high profile capital infrastructure was reduced from high to medium, but will be kept under review in light of capital programme delivery. There are proposals to strengthen governance arrangements in these areas across GMCA and TfGM this year for transport and non-transport projects. Controls have been strengthened with the updated single pot assurance framework in light of new national guidance and review of GMCA current practices. An officer has also been appointed to manage the non-transport element of the local growth fund programme.
- Risk 10 Information Security risk remained high and reflected the risk level on the national cyber security register. There are several planned actions in this area which are shown in the activity update.
- Risk 12 Procurement, Commissioning and Contract Management risk remained high across the three elements and reflected the effectiveness of policies, procedures, processes and resourcing to support consistent practice across the organisation. The SIP Contracts and Procurement review is underway, which takes into account grant management for programmes and projects. Controls have been strengthened with the introduction of a new bid management process.
- Risk 18 Government Support for Housing Delivery was still deemed high risk, with the Housing deal unlikely to proceed and alternative arrangements being discussed with Homes England.

In response to an enquiry from a Member regarding Risk 14, Adult Education Budget, Members noted that a procurement process was nearing completion.

Members noted that in relation to Risk 4, Bus Reform, a report on this matter was to be submitted to the upcoming meeting of the GMCA on 28 June 2019.

With regard to the Risk Continuum Risk Scoring Guidelines, as set out at Appendix B to the report, a Member requested the inclusion of descriptors for scores 2 and 4 are included in future reports.

RESOLVED/-

- 1) That the update on the GMCA Corporate Risk Register, be noted.

- 2) That the Committee records its thanks to Tom Powell and his team for their work in maintaining the Corporate Risk Register.
- 3) That a further update was to be considered at the July meeting of the Committee, be noted, and to also note that the report will include updated score and impact information for scores 2 and 4.

AC 19/46 GMCA DRAFT 2019/2020 ANNUAL GOVERNANCE STATEMENT

The GMCA Monitoring Officer and GMCA Treasurer introduced the latest version of the GMCA draft 2019/2020 Annual Governance Statement.

In welcoming the draft document, a Member highlighted that it did contain a number of acronyms and suggested that a glossary of terms would be a helpful addition.

A Member suggested that in relation to the on-going GMCA Governance Review, details of such should be considered by the Audit Committee considers, the GMCA Treasurer undertook to explore this request further.

It was noted that the final version of the Annual Governance Statement was to be considered at the July meeting of the Committee. Members were invited to provide any comments to the draft 2019/2020 Annual Governance Statement to the GMCA Treasurer, via the GMCA Governance Team, in advance of the next Audit Committee meeting on 30 July.

RESOLVED/-

- 1) That the GMCA draft 2019/2020 Annual Governance Statement be noted.
- 2) That the request for the committee to consider the on-going GMCA Governance Review at an appropriate time, be explored and noted.
- 3) That it be noted that the final version of the Annual Governance Statement was to be considered at the July meeting of the Committee and that Members be invited to provide any additional comments to the current draft 2019/2020 Annual Governance Statement to the GMCA Treasurer, in advance of the 30 July GMCA Audit Committee meeting.

AC 19/47 GMCA DRAFT 2018/2019 UNAUDITED STATEMENT OF ACCOUNTS

The GMCA Treasurer introduced the report which presented Members with a copy of the unaudited GMCA draft 2018/2019 Statement of Accounts and set out the process for approval of the audited statements once finalised. The report also sought comments from Members on the appended letters from the External Auditor, Mazars, in respect to the 2018/19 Audit and the understanding of those charged with governance and processes and arrangements.

In response to an enquiry from a Member, the External Auditor commented that they were not aware of any concerns in relation to the GMCA draft 2018/2019 Statement of Accounts. It was also noted that work was taking place with the National Audit Office in respect of requirement

relating to pensions and that a Letter of Representation will be provided at the next meeting of this Committee.

Following an enquiry from a Member, it was noted that the issues which had an impact on the draft accounts included PFI credits, the moorland fires, Housing Investment Fund matters and the movement of reserves.

RESOLVED/-

- 1) That the Audit Committee noted the GMCA unaudited draft statement of accounts for 2018/19, which had been signed by the GMCA Treasurer.
- 2) Members considered and commented on the letters from Mazar's in respect to the 2018/19 Audit – understanding those charged with governance and processes and arrangements.

AC 19/48

GMCA TREASURY MANAGEMENT ANNUAL REPORT

The GMCA Treasurer introduced a report which set out details of the Treasury Management activities of the Greater Manchester Combined Authority (GMCA) for the 2018/19 financial year.

RESOLVED/-

That the Treasury Management report for the 2018/19 financial year be noted.

AC 19/49

INTERNAL AUDIT 2018/2019 ANNUAL OPINION REPORT

The Head of Audit and Risk Management presented a report, which provided Members with an update on the interim annual assurance opinion report and set out the overall adequacy and effectiveness of Greater Manchester Combined Authority's (GMCA) internal control arrangements for 2018/19.

Members noted that the moderate assurance opinion provided in April 2019 on the systems of governance, risk management and internal control remained unchanged and took into account the latest position following audit work to review arrangements for the HMICFRS inspection of Greater Manchester Fire and Rescue Service and the development of GMFRS Programme for Change.

The report summarised that, whilst the outcome of the Inspection remained to be received there was clear evidence of robust arrangements for self-assessment and evaluation and of governance, oversight and risk management arrangements. Members noted that inspection preparation outcomes are one of the sources of intelligence that have been integrated into the Programme for Change (PfC) which is supported by a clear methodology and programme management approach with evident, comprehensive engagement of stakeholders and public consultation as well as key decision makers. It was also noted that based on the review undertaken by Internal Audit as detailed in the report, as well as other audit work completed since April, no material changes to the assessment of governance, risk

management and internal control that impact on the “Moderate” assurance opinion previously provided.

A Member highlighted the potential risks associated with the expenditure commitments to build and relocate fire stations as part of the Programme for Change. A Member also highlighted the potential reputational risks for GMCA in relation to the roll out of Programme for Change. In response, officers noted that those risks described by Members will be picked up in the CRR.

RESOLVED/-

- 1) That the update on the interim annual assurance opinion be noted.
- 2) That a Moderate assurance opinion provided by the Head of Audit and Risk Management, be noted.
- 3) That a further report on 2019/2020 activity was to be submitted to the meeting of the GMCA Audit Committee on 30 July 2019.

AC 19/50 AUDIT RECOMMENDATIONS MONITORING

The GMCA Treasurer introduced a report which provided an update to Members on the progress to date in implementing the agreed actions from recent internal audit assignments covering Purchase Cards and ICT Security. The report also provided assurance that a robust process is in place for follow up of recommendations.

RESOLVED/-

That the audit Recommendations monitoring report be noted.

AC 19/51 DATES OF FUTURE MEETINGS

Members considered dates for future meetings. It was noted that the next meeting had previously been set as Tuesday 30 July 2019 at 2.00 pm.

Officers undertook to canvas Members for their availability to attend additional meetings throughout the 2019/2020 municipal year.

Members suggested that a work programme of potential items be provided at future meetings.

RESOLVED/-

- 1) That the next meeting of the GMCA Audit Committee was to be held on Tuesday 30 July 2019, be noted and to also note that officers will undertake to develop a GMCA Audit Committee meetings programme for the 2019/2020 municipal year.
- 2) That a Committee work programme of future items will be provided to future meetings of the Committee, be noted.