

**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE,
HELD ON TUESDAY 21 JANUARY 2020 AT MECHANICS INSTITUTE, MANCHESTER**

PRESENT:

Gwyn Griffiths (Chair)	Independent Member
Councillor Mary Whitby	Bury Council
Councillor Sarah Russell	Manchester City Council
Councillor Colin McLaren	Oldham Council
Councillor Tom McGee	Stockport Council
Councillor Chris Boyes	Trafford Council
Catherine Scivier	Independent Member
Grenville Page	Independent Member
Susan Webster	Independent Member

ALSO PRESENT:

Daniel Watson	Mazars External Auditor
Mark Dalton	Mazars External Auditor

OFFICERS:

Steve Wilson	GMCA Treasurer
Sarah Horseman	GMCA Audit and Assurance
Damian Jarvis	GMCA Internal Audit
Helen Fountain	GMCA Treasury
Lindsey Keech	GMCA Treasury
Andrea Heffernan	GMF&RS Finance
Steve Annette	GMCA Governance and Scrutiny
Matt Berry	GMCA Governance and Scrutiny

AC/01/20 APOLOGIES

RESOLVED /-

No apologies were received

AC/02/20 CHAIRS ANNOUNCEMENTS AND URGENT BUSINESS

There were no chairs announcements or urgent business. The Chair welcomed Steve Wilson, the newly appointed GMCA Treasurer, and both Grenville Page and Susan Webster the newly appointed Independent Members to the Audit Committee.

AC/03/20 DECLARATIONS OF INTEREST

RESOLVED /-

There were no items of personal or prejudicial interests declared in relation to any item on the agenda.

AC/04/20 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 9 OCTOBER 2019

RESOLVED/-

That the minutes of the meeting of the GMCA Audit Committee held on 9 October 2019, be approved as a correct record.

AC/05/20 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL

For the benefit of the newly appointed independent members, the Chair explained the devolved arrangements that were in place to scrutinise GMP's accounts and procedures and the role of the GMP Joint Audit Panel. He added that as part of the recent recruitment drive a further independent member had been appointed to the GMP Joint Audit Panel.

Sarah Horseman, Head of Audit and Assurance, added that it was important to note the GMP Police Audit Panel does have regular conversations on matters that appear on the Corporate Risk Register, and cited iOPS as a prime example.

RESOLVED/-

That the minutes of the Joint Audit panel held on 23 October 2019 be noted.

AC/06/20 CORPORATE RISK REGISTER UPDATE

Sarah Horseman, Head of Audit and Assurance, introduced a report that provided Members with the latest quarterly update of the Corporate Risk Register for their review.

The process for review and update of the Corporate Risk Register (CRR) was updated to Members. There is good engagement through the Governance and Risk Group and input from SMT in the process. . It was highlighted that risk descriptions, status and action plans are being challenged as part of the process and significant changes highlighted. It was noted that as well as the process for updating the CRR , there is also a general aim to do more work to review how operational risks are being managed at service level. It was stated that reviewing this item by this Committee would enable Members to have oversight of all of the strategic risks individually.

Members were informed that there has been no major change to the risk landscape with 20-recorded risks, including one new risk on Climate Change, which was noted as a 'medium' rated risk. In response to Member questions, It was confirmed that there is currently formal process for articulating risk appetite at a detailed level (for example financial, health and safety) for GMCA against which specific risk types would be managed. The Head of Audit and

Assurance has taken responsibility for Risk Management and this would be addressed during 2020/21 as part of the development of the GMCA Risk strategy and policy.

It was clarified to Members that in relation to table 3.6, that there are no risks currently recorded under the thematic area of 'Statutory and Compliance' on the CRR. However, there may be risks being managed at a service level. It was also confirmed that GMP have their own organisational risk register.

Following Members reviewing all of the risks individually, the following points were made:

Brexit

Audit committee had some concerns around the Brexit risk assessment being downgraded. Members questioned what mitigation has been put in place for import / exporting arrangements. Members felt that the bigger economic risks to GM remain in place, and wished to feedback these concerns back.

CSE Independent Review

Members felt that following the publication of the report, the focus should be on understanding the adequacy of actions being taken in response to the report and case learning.

Finance and Resources

Members expressed concern around the lack of GMCA Capital Programming/ Treasury Management function and requested an update on revised timescales for this. It was noted that there had previously been issues in GM where grant funding has not been spent in time and had been subject to clawback. It was noted that unspent capital funding is often reallocated across different capital schemes to reduce borrowings. Steve Wilson reported that he will bring a paper to a future meeting which will provide further explanation on this.

Members also expressed the severity of impacts of not managing to utilise funding whilst some GM residents are struggling with financial hardship, highlighting the importance of this risk.

Governance and Organisation

Members enquired around GMCA staff knowledge on Information security and it was confirmed that IT security training was being rolled out to all staff including specific tests to target susceptibility to 'phishing' attacks. The lack of organisation wide BC plan was noted, which was highlighted as a concern.

Members requested a specific timescale be set for update/completion of the GMCA Contracts Register.

External facing Digital Strategy:

Members asked to note there has been a change in lead Chief Executive and Elected member lead for this area.

Member generally noted that there were a number of references to deadlines throughout the document that have passed, requiring update.

Greater Manchester Spatial Framework

Members discussed the consultation for both the GMSF and the bus franchising proposal and debated the level of responsiveness to this process, particularly around governance arrangements.

Climate Change

Members expressed concern around GM being yet to start retrofitting 61,000 homes per year, which now creates a backlog to achieve targets. It was agreed that there is a need to galvanise activity.

Members made the point that there is currently a growing movement amongst young people with whom feel disillusioned and unengaged with current civic/political leadership with this presenting a different type of reputation damage risk to authorities and local government.

Members requested that all actionable items within the CRR be allocated realistic timescales for completion to allow them to be monitored. Members also commented that the potential impact of reputational risks to GMCA should receive greater acknowledgement in the risk register.

RESOLVED/-

That the update on the GMCA Corporate Risk Register be noted.

AC/07/20 INTERNAL AUDIT PROGRESS REPORT

Sarah Horseman, Head of Audit and Assurance presented a report which provided Members with an update of the progress to date in the delivery of the Internal Audit Plan. She reported that the Audit team had recruited two Principal Auditors and the new structure will be fully resourced from 1 March 2020. There were two final published audit reports issued since the last meeting which are GM Troubled Families Programme and ICT Strategy, Governance and Programme Management and several audits at fieldwork stage.

Members discussed the options around format of audit reports and papers that require submitting to Audit Committee meetings that may have sensitivity implications, and whether these should be summarised into an Executive Summary.

Action: It was agreed that a small task group of this committee including the Chair and Cllr Russell will take this offline and review/decide a way forward for sharing audit papers by reviewing implications of the full audit report and its consumption.

Members were updated on the changes to the audit plan i noted in appendix C and that a description of assurance levels is now included as requested. The emergent 2020/21 plan will come to this Committee in April.

Members enquired to what extent internal audit is sitting alongside portfolio areas and supporting in the development of key initiatives such as the Digital strategy and Housing and Planning agenda. . It was clarified that the plan next year would seek to include a balance of both assurance reviews and advisory work.

RESOLVED/-

That the report be noted.

AC/08/20 AUDIT RECOMMENDATIONS MONITORING

Steve Wilson , GMCA Treasurer introduced a report which provided an update to Members on the progress to date in implementing the agreed actions from internal and external audit assignments and provided assurance that a robust process was in place for follow up of recommendations.

It was noted that more audit follow up work on validating implementation rates will be undertaken in the coming year, particularly around critical and major findings and actions. t. Members wanted items to be highlighted for critical issues.

It was recommended that management should provide assurance updates on progress of significant audit recommendations to SMT for them to monitor alongside Internal Audit.

It was also stated that Members may seek further assurance over the ongoing timeline for the procurement service review and contract activity. Members specifically asked about the use of procurement waivers and general awareness in the organisation. It was clarified to Members that a Register of key decisions is in place and Internal Audit guidance had been issued on procurement waiver usage and greater transparency

RESOLVED/-

That the Audit Recommendations Monitoring report be noted.

AC/09/20 GMCA TREASURY MANAGEMENT STRATEGY STATEMENT, BORROWING LIMITS AND ANNUAL INVESTMENT STRATEGY 2020/21

Steve Wilson, GMCA Treasurer introduced a report that set out the proposed Treasury Management Strategy Statement, Borrowing Limits and prudential Indicators for 2020/21 to 2022/23 for the GMCA. The Strategy reflects the planned 2020/21 capital programmes for GMCA transport, economic development, Fire, Police and Waste.

Members were updated that there are only minor changes to the paper. It was noted that priority update was to include in the recommendations, that in the event of an immediate crisis that requires action, there are measures that can implemented.

It was clarified that generally the GMCA manage cash flow to avoid borrowing, and that when short term borrowing is done, this is rather than using capital fund options. Members enquired around rates for fixed terms or variable external loans and whether there is any governance to validate the loan. It was clarified that this will need to be taken back to be answered at a future meeting.

RESOLVED/-

That the GMCA be recommended to approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy to apply from 1 April, 2020 in particular:

- The Treasury Indicators listed in Appendix A.
- The Minimum Revenue Provision (MRP) Strategy outlined in Appendix A.
- The Treasury Management Policy Statement at Appendix B.
- The Treasury Management Scheme of Delegation at Appendix C.
- The Borrowing Strategy
- The Annual Investment Strategy
- Delegation to the Treasurer to step outside of the investment limits to safeguard the GMCA's position

AC/10/20 ANNUAL AUDIT LETTER - GMCA

Daniel Watson, Mazars External Auditor introduced a report that summarised the work Mazars had undertaken as the auditors for the GMCA for the year ending 31 March 2019.

It was highlighted to Members that this has been a challenging process due to the pack used for this being originally designed for a standard local authority, which doesn't always work for a Combined Authority. It was highlighted that Page 61 highlighted responsibilities, and that there were challenges due to annual accounts not following the same format. Counter party transactions were also noted as usually 'not matching'. The Chair confirmed receipt of the standard terms of conditions.

RESOLVED/-

That the report be noted

AC/11/20 AUDIT COMMITTEE SCHEDULE OF BUSINESS

RESOLVED/-

That the report be noted