

**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE,  
HELD ON TUESDAY 30 JUNE 2020 VIA MICROSOFT TEAMS**

**PRESENT:**

Gwyn Griffiths	Independent Member
Councillor Mary Whitby	Bury Council
Councillor Sarah Russell	Manchester City Council
Councillor Colin McLaren	Oldham Council
Councillor Tom McGee	GMCA Assistant Portfolio Holder for Resources
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
Nicola Ward	GMCA Governance and Scrutiny
Steve Annette	GMCA Governance and Scrutiny

**AC/11/20      WELCOME AND INTRODUCTIONS**

Steve Annette, Senior Governance and Scrutiny Officer opened up the meeting and welcomed everyone to the Audit Committee. He then explained how the virtual meeting would be conducted and the procedure and protocols to be adopted throughout the duration of the meeting.

**AC/12/20      APPOINTMENT OF CHAIR AND DEPUTY CHAIR**

**RESOLVED/-**

1. That Gwyn Griffiths and Councillor Sarah Russell be appointed Chair and Deputy Chair respectively of the GM Audit Committee for 2020/21.

**AC/13/20      MEMBERSHIP FOR 2020/21**

**RESOLVED/-**

1. To note the membership of the GM Audit Committee for the Municipal Year 2020/21 is as follows:

## **MEMBERS**

Councillor Mary Whitby	Bury Council
Councillor Sarah Russell	Manchester City Council
Councillor Colin McLaren	Oldham Council
Councillor Chris Boyes	Trafford Council
*Councillor Peter Malcolm	Rochdale Council
* Councillor James Grundy	Wigan Council
Gwyn Griffiths	Independent Member
Grenville Page	Independent Member
Susan Webster	Independent Member
Catherine Scivier	Independent Member
*Substitute Members	

## **AC/14/20 DECLARATIONS OF INTEREST**

**RESOLVED /-**

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

## **AC/13/20 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 21 JANUARY 2020**

**RESOLVED/-**

1. That the minutes of the meeting of the GMCA Audit Committee held on 21 January 2020, be approved as a correct record.

## **AC/14/20 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 15 JANUARY 2020**

**RESOLVED/-**

1. That the minutes of the Joint Audit panel held on 15 January be noted.

## **AC/15/20 CORONAVIRUS (COVID 19) CORPORATE RISK REGISTER**

Sarah Horseman, Head of Audit and Assurance, introduced a report that provided Members with the latest corporate risk register, which was a Covid-19 specific interim register, for their review. The report summarised the risks but also the assurances that these were being managed effectively.

The Risk Register was owned by the GMCA Senior Management Team and all directorates had been consulted on their current risks, with those of the highest risk being escalated as appropriate.

Through the recovery phase it was envisaged that this risk register would be subsumed into the general risk register, however Members were reminded that GMP, TfGM and GMFRS also have their own registers.

Members recognised as to how the risk register had now evolved to a useful document that was now clearly a driver for discussions within the organisation.

As health inequalities were being addressed within risk registers for Health and Local Authority organisations, Members asked whether there was work underway at a GMCA level to coordinate this response. Officers confirmed that this issue was raised at the Combined Authority meeting last week and would remain a key topic across each stage of recovery.

Members urged that the Covid-19 specific interim risk register is seen within the context of the general risk register to ensure there is as much transparency as possible and that detailed narrative on each risk is provided.

### **RESOLVED/-**

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

## **AC/16/20 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT**

Steve Wilson, GMCA Treasurer presented a report, which provided Members with an update on the assessment for 2019/20, and actions proposed to ensure ongoing effectiveness and quality of the GMCA Internal Audit service. The assessment looked back over the past twelve months and highlighted the issues with capacity within the service, which has now been addressed and a there is a fully established team in place.

Members recognised the capacity issues, but thanked the Internal Audit for their work over the past year that was of high quality and yielded strong results. The timing of an external review of performance was queried, and officers suggested that 2021/2022 would be a timely opportunity, giving the service time to create the evidence required for a review, but that this would not be too long into the five year tenure so any issues could be promptly addressed.

Thanks were expressed particularly to Sarah Horseman for her leadership and direction for the Internal Audit function, as there had been clear infrastructure improvements since her appointment.

**RESOLVED/-**

1. That the report be noted and that the Quality Assurance and Improvement Programme (QAIP) for 2020/21 be endorsed.
2. That there be an external review of the Internal Audit function in 2021/22.

**AC/17/20 ANNUAL REPORT ON THE OUTCOME OF WHITLEBLOWING REFERRALS**

Sarah Horseman, Head of Audit and Assurance, presented a report that provided Members with a summary of the outcomes of whistleblowing referrals received in 2019/20, as required under Section G of the GMCA Constitution “Complaints and Whistleblowing”.

Members felt that the number of whistleblowing incidents was not significant, and that the report evidenced that current processes and procedures were allowing them to be successfully addressed. However, the Committee urged that future reports contain a further level of detail so that they could follow the path of individual cases more closely to identify any barriers or areas for improvement.

Members also queried as to whether employees were aware of the processes for whistleblowing, and officers reported that it has been shared on the intranet and within internal communications but that any specific training for managers would be reviewed.

In relation to the number of incidents, members recognised that the numbers were small but asked whether there were any obvious trends. Officers agreed to check whether there were trends in those incidents reported and bring to the next meeting of the Audit Committee.

**RESOLVED/-**

1. That the report be noted.
2. That Officers would review any potential training needs in relation to the Whistleblowing policy.
3. That Officers would report back to the next meeting whether there were any trends identified through whistle blowing incidents.

**AC/18/20 AUDIT ACTION FOLLOW UP**

Sarah Horseman, Head of Audit and Assurance presented a report which provided Members with an update of the progress to date in implementing the agreed actions from internal audit assignments. It was confirmed that although it was the responsibility of management to implement the agreed actions, it was the responsibility of Internal Audit to follow up and test. The KPI against this was 85%, and at present 72% of actions had been implemented.

In response to Members' questions as to whether the limited assurance opinions had all been implemented, officers offered to check and report back at the next meeting.

Members further suggested that the ongoing audit tracker should be reported to each meeting of the Committee, with the introduction of visual graphs to show patterns and ensure that actions are regularly reviewed and implemented promptly.

**RESOLVED/-**

1. That the report be noted.
2. That officers will report back as to whether all limited assurance options had been implemented at the next meeting.
3. That the Audit Tracker is reviewed at each meeting of the GMCA Audit Committee going forward.

**AC/19/20 HEAD OF INTERNAL AUDIT ANNUAL OPINION 2019/20**

Sarah Horseman, Head of Audit and Assurance provided Members with her opinion on the effectiveness of the framework of governance, risk management and internal control at Greater Manchester Combined Authority (GMCA) for the year ended 31 March 2020. She informed the Committee that this was based on a sample of assessments at a period of time, that produced a 'limited by volume' opinion due to internal audit resource restrictions during that same period.

Members raised concern that there was need for a full opinion for 2020/21 and asked what could be done to mitigate the risk of another limited by volume opinion. Officers were able to give assurance that although the impact of the covid-19 situation will impact the plan, the team is now fully resourced and a full opinion would be able to be completed.

Members welcomed the change in classification within the reports to 'positive' and 'reasonable basis' as this helped to give a clearer view and refine the reports effectively. Furthermore, they were pleased to see that there were no limited assurance reports in 2019/20 and were looking forward to seeing further levels of assurance throughout the coming year.

**RESOLVED/-**

1. That the report be noted.

**AC/20/20 EMERGENT INTERNAL AUDIT PLAN**

Sarah Horseman, Head of Audit and Assurance provided Members with the emergent three-year internal audit plan and the operational internal audit plan for 2020/21. She explained how a robust planning approach had now been established, with a draft having already been approved by the Senior Management Team.

The Internal Audit team had revisited the risk assessment process, identified those new risks emerging and had circulated it completely internally to ensure nothing was missed.

Each risk was then given a risk impact score regarding its level of materiality taking into account a number of different factors, for example the Adult Education Budget would have a higher materiality than the use of purchase cards. The resulting risk score drives the frequency for future audits to be undertaken on that risk.

The proposed plan detailed in section 4 of the report shows how there are a few audits planned for during the lockdown period which will now be undertaken through post event assurance work such as the Temporary Mortuary Commission Programme. Other work to be undertaken in the short term would also include a review of work place regulations, corporate governance, pensions administration, GMFRS fleet and training centre. Officers are aware that the plan would need to be agile, but would provide regular updates to the Committee on progress.

Members recognised why the plan had a departmental focus, but questioned as to how mayoral cross-cutting priorities would fit into this structure, such as homelessness, better buses and Operation Gusta. Officers agreed to look into this further.

In relation to the link between the audit plan and risk register, members urged that there become greater transparency regarding the lines of defence across the organisation, officers were confident that this would evolve further in time.

In conclusion, Members felt that the plan looked to be going in a good direction, however asked for more detail as to what level of assurances are required (or have been received) at each stage of the project and that there is further clarity as to what project owners need to do to build in further auditability. Officers offered to re-visit the timings of the plan, and pull activities forward as necessary.

**RESOLVED/-**

1. That the Internal Audit Plan be noted.
2. That the organisation of the plan be reviewed to ensure that cross cutting mayoral priority pieces of work could also be picked up, and that these could also be mapped against corporate risks.
3. That the timings of the plan be reviewed, to ensure that those projects requiring further audit are brought forward at a timely opportunity.

**AC/21/20 INTERNAL AUDIT CHARTER**

The Internal Audit charter establishes the framework within which the Internal Audit Service operates to best serve the independent assurance requirements of the GMCA Audit Committee and also to meet its professional obligations under applicable professional standards. In line with the Public Sector Internal Audit Standards, the charter is a mandatory document that must be in place and reviewed on a regular basis. It is proposed

that this review is undertaken by the Head of Audit and Assurance and the charter presented to the Audit Committee annually for approval.

**RESOLVED/-**

1. That the Internal Audit Charter be approved.

**AC/22/20 GMCA AUDIT STRATEGY MEMORANDUM – YEAR ENDING 31 MARCH 2020**

Mark Dalton, 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 2020. He reminded the Committee that the role of the External Auditors was to provide a value for money conclusion upon receipt of the Organisation's accounts. However, with the impact of Covid, the timelines for accounts submission had been revised. Draft accounts were now required by end of July and following the required field work, an External Audit would then be completed by end November.

Daniel Watson, Mazars took Members through the detail of the report, the revised timeline had been discussed with the GMCA Treasurer and both parties were confident that it was achievable. There were some areas of uncertainty in relation to property valuers and pension viability, however these were being reviewed as to whether estimated data could be used. In respect to decisions which may fall into the next financial year, such as bus reform, assessments were being made on the work completed to date.

It was confirmed that Auditors nationally had increased attention to the 'going concern' concept.

The GMCA Treasurer reported that there had been discussion at the GMCA regarding the overall financial position of GM Local Authorities and the risk of potential Section 114 notices. Officers plan to undertake further work regarding the 'going concern' concept, specifically with regards to lost income and non-recurrent monies and would bring to the next meeting of the Audit Committee. He further highlighted the shortfall in Metrolink funding that had only been secured until 3 August, and the overall concern regarding the loss of long term income. Particularly how investment decisions may have been affected by Covid-19, and whether underwriting could mitigate some of these risks.

**RESOLVED/-**

1. That the GMCA Audit Strategy Memorandum report, year ending 31 March 2020 be noted.
2. That the GMCA Treasurer would bring further work on the 'going concern' concept to the next meeting of the Audit Committee.
3. That there be a meeting of the GM Audit Committee early September to review the draft accounts, and early October to sign off the accounts.

**AC/23/20 ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS**

Steve Wilson, GMCA Treasurer, provided an update on the proposed Accounting Policies and the Critical Accounting Judgements for the 2019/20 GMCA Statement of Accounts.

**RESOLVED/-**

That the Audit Committee noted the proposals and that they will approve these within the Statement of Accounts when they are presented for full approval in August 2020.

**AC/24/20 CAPITAL STRATEGY 2020/21**

Steve Wilson, GMCA Treasurer introduced a report which set out the Capital Strategy for 2020/21 and incorporated the Capital Programme 2020/21 and the Treasury Management Strategy Statement 2020/21.

The Strategy seeks to link the technical documentation with the aims and objectives of the GMCA, ensuring purpose and clarity for treasury management. He reported that overall, the GMCA was reasonably cash rich, as a result of optimising the use of cash holdings and working balances. The current cash position shows strong balances until the beginning of December 2020, and no requirement for any further borrowing before then.

Members welcomed the opportunity for further training on the Treasury Management Strategy as felt they were looking at the Capital Strategy in isolation, and it would be useful to knit together with other strands to see a complete picture. There had been recent questioning from Members of the GMCA as to how the GMCA reserves may be used during the Covid-19 recovery phase.

**RESOLVED/-**

1. That the report be noted and that the GMCA Audit Committee recommend its approval to the Greater Manchester Combined Authority.
2. That a further training session on the Treasury Management Strategy be organised in due course.

**AC/25/20 WORK PROGRAMME /AUDIT COMMITTEE SCHEDULE OF BUSINESS****RESOLVED/-**

1. That the report be noted.

**AC/26/20 DATES OF FUTURE MEETINGS****RESOLVED/-**

1. That the future dates of the GMCA Audit Committee be confirmed as soon as possible, early August and early October being timely to review the accounts.
2. That the provisional meeting on the 28 July will be stood down.
3. That Susan Webster's name be updated on the membership list.