

**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE,
HELD ON TUESDAY 8 SEPTEMBER 2020 VIA MICROSOFT TEAMS**

PRESENT:

Gwyn Griffiths	Independent Member (Chair)
Councillor Mary Whitby	Bury Council
Councillor Sarah Russell	Manchester City Council
Councillor Tom McGee	Stockport 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
Rachel Rosewell	GMCA Deputy Treasurer
Damian Jarvis	GMCA Internal Audit
Helen Fountain	Principal Finance Manager, GMCA
Lindsey Keech	GMCA
Gwynn Williams	Deputy Monitoring Officer, GMCA
Lee Teasdale	GMCA Governance and Scrutiny
Steve Annette	GMCA Governance and Scrutiny

AC/27/20 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/28/20 DECLARATIONS OF INTEREST

RESOLVED /-

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

AC/29/20 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 30 JUNE 2020

The Chair referred to issues identified to be followed up in Minute 17/20 Whistleblowing. Officers reported no obvious trends at present within the organisation; 18/20 Audit Action Follow-up – reported that issues raised will be picked up as part of Audit Tracker report later in the agenda, and 20/20 Internal Audit Plan and impact of cross-departmental Mayoral Priorities, reported that the issues were still outstanding and being worked through with the Senior Management Team in terms of audit requirements.

RESOLVED/-

1. That the minutes of the meeting of the GMCA Audit Committee held on 30 June 2020, be approved as a correct record.

AC/30/20 DRAFT MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 31 JULY 2020

The Chair asked for an explanation of the reference in the minutes to the ‘Care Disclosure Report’. Officers indicated that this was about the sharing of sensitive information between GMP and other agencies within the Criminal Justice System, and an evaluation of any issues arising from information security.

RESOLVED/-

1. That the draft minutes of the Joint Audit Panel held on 31 July be noted.

AC/31/20 ANNUAL GOVERNANCE STATEMENT 2019-2020

The GMCA Monitoring Officer and GMCA Treasurer introduced the latest version of the GMCA draft 2019/2020 Annual Governance Statement. The AGS had been revised and streamlined in line with current CIPFA guidance, reflected best practice in the field, and responded so far as is possible to the current Covid-19 financial environment and the likely Covid-19 landscape going forward.

A Member suggested with reference to the areas of focus highlighted in the report, that whilst it is appropriate that Internal Audit exercises an advisory function in relation to whistleblowing, lead responsibility needed to be clearly identified as a management or executive function. Officers accepted the point and undertook to articulate the ‘lead’ responsibilities more clearly, and ensure that each area has an executive lead.

Members asked if it would be possible to include a percentile indication in Section 6 to enable the Committee to quantitatively monitor the rate of completion of Improvement Plan actions.

A member asked whether the governance arrangements put in place in response to Covid-19 were considered sufficiently robust. Officers indicated that no thorough assessment had so far been possible in view of the rapidly emerging and changing landscape of the pandemic, though going forward it would clearly be helpful to have a review of effectiveness of all the processes and governance arrangements in place under the emergency legislation, that should form part of

the review processes of the Risk Register. Officers agreed that an indication ought to be reflected in the current AGS to give reassurance that the Authority is looking at this as part of the existing resilience and governance process.

It was noted that the final version of the Annual Governance Statement was to be considered at a future meeting of the Committee.

RESOLVED/-

1. That the draft Annual Governance Statement be endorsed and submitted to the November 2020 meeting for approval.

AC/32/20 GMCA ACCOUNTS AND RELATED DOCUMENTS 2019/20

The GMCA Treasurer introduced a suite of inter-related reports and led members through key issues and areas of concern by way of a visual presentation –

Unaudited Annual Statement of Accounts 2019/20 – which presented Members with the GMCA draft 2019/2020 Statement of Accounts and set out the process for approval of those accounts once finalised.

Treasury Management Annual Report 2019/20 – that described the Treasury Management activities of GMCA 2019/20

Assessment of Going Concern Statement – which informed Members of an assessment of the GMCA as a going concern for the purpose of producing the Statement of Accounts 2019-20 and provided assurance on the GMCA's status as a 'going concern'.

The GMCA Treasurer indicated from the outset that some uncertainties were inevitably present in the financial accounts, and particularly in terms of financial forecasts, in the light of the Covid-19 emergency. Issues about the 'Going Concern Statement; pensions (McLeod issue) and valuation of fixed assets were each important elements in the accounts, and these were acknowledged by the auditors as being national issues common to all authorities. He reminded the Committee that the normal timetable for the presentation of the accounts had been delayed this year and that the target now was to present the audited accounts for 2019/20 by 30th November, and a further meeting of the Audit Committee would be convened before that date when those audited accounts could be scrutinised.

The GMCA Treasurer outlined the specific impacts of the Covid-19 emergency, principal of which for GMCA was in relation to the collection of Business Rates where income of £35M had been expected to add to the existing Business Rate reserve of £63M, whereas the latest forecast assumes zero income in the current year; no commitments had been made in respect of the expected income. There were also issues around reduced Metrolink passenger numbers during the emergency, which is funded in full by Government until end of October, officers were modelling a range of scenarios beyond October to assess the inevitable long-term financial implications and to present options for member consideration in due course.

The Auditors indicated that the formal audit had only commenced this week and it was not possible to comment on issues in specific terms at this stage, but there were clearly areas of concern and uncertainty in specific areas, notably the position in relation to Metrolink.

Specific issues were then raised by members to which the GMCA Treasurer and the auditors made responses –

- Reference was made to individual companies excluded from the financial consolidation, and a member was concerned to be reassured that there were no reputational or ethical risks involved for the Authority from the activities of those companies. The Treasurer was able to give that reassurance, indicating that any emerging areas of risk or changes in circumstances would be dealt with through existing risk management processes.
- The GMCA Treasurer was asked whether recent reductions in base rates had impacted significantly on interest generated from invested reserves, and if this would necessitate any additional requirements for borrowing or rescheduling or re-financing of existing debt. The GMCA Treasurer indicated that there was no immediate impact over the next 6 months or so, but the position was being carefully monitored particularly around future borrowing requirements.
- Discussion ensued about the impacts of Covid-19 on local authority budgets. Officers indicated that the Comprehensive Funding Review will reflect the Government's expenditure commitments in response to Covid-19 and related negative impacts on revenue income, and these will in turn be a key influence on local authority financial settlements for 2021/22. Whilst the GMCA financial position remained reasonably robust there was likely to be curtailment of local authority expenditure going forward which may have consequences for reserves, and the GMCA Treasurer outlined on-going discussions with colleague treasurers in the districts to review GMCA reserve budgets and to identify the scope for return of elements of reserves to assist the districts to meet the financial challenge they are likely to face in formulating local budgets for 2021/22.

RESOLVED/-

1. That the Committee notes at this stage the GMCA unaudited draft statement of accounts for 2019/20.
2. That the Treasury Management Annual report be noted.
3. That the outcome of the assessment of the GMCA's status as a 'going concern' for the purpose of the draft statement of accounts 2019/20 be noted.
4. That, in consultation with the Chair, arrangements be made for a meeting of the Committee to be convened before 30th November 2020 for considering, and, if so determined, approving the audited accounts for 2019/20.

AC/33/20 INTERNAL AUDIT PROGRESS REPORT

Damian Jarvis, GMCA, introduced a report that informed Members of the progress to date in the delivery of the Internal Audit Plan for 2020/21. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan. Overall, the Audit Plan was broadly on track.

The Chair made reference to the final report on the Housing Investment Loan Fund, and draft reports of Fire Fighters' Pension Review and the GM Temporary Mortuary Facility, and

officers confirmed that there were no specific financial or governance findings that the Audit Committee needs to be concerned about at this stage.

The Committee also noted that the commissioning of work in respect of Mayoral Advisors that reflects concerns expressed about the process for appointments.

RESOLVED/-

1. That the report be noted at this stage.

AC/34/20 INTERNAL AUDIT TRACKER REPORT

The GMCA Treasurer introduced a report that advised Members of the progress to date in implementing and tracking the agreed actions from internal audit assignments.

Some significant delays have been involved in making progress or obtaining responses to actions in the current working climate. The Committee noted that there were currently 20 outstanding actions, six of which were considered to be partially implemented, and twelve classified as presenting major or significant issues to progress. Officers continued to be in close collaborative assistance to secure compliance with actions emanating from previous audits.

RESOLVED/-

1. To note the report.

AC/35/20 WORK PROGRAMME

RESOLVED/-

1. That the report be noted.

AC/36/20 DATES OF FUTURE MEETINGS

RESOLVED/-

1. To be determined in consultation with the Chair.