

# **GMCA Audit Committee**

## **Taking stock and looking to the future under the Trailblazer devolution settlement to ensure an effective Audit Committee for the future**

### **Discussion paper**

#### **Purpose of paper**

To take stock of where we are now as an Audit Committee and look to the future under the Trailblazer devolution settlement to identify key areas and issues that need to be considered and addressed to ensure the Audit Committee can effectively discharge its accountabilities now and, in the future, as required in the GMCA's constitution, the Audit Committee's ToR and in accordance with CIPFA's expectations.

#### **Decision**

To consider the various options and recommendations, agree the way forward, the actions to be taken and timelines.

#### **Scope**

The paper covers the following key areas:

- Overview of current position
- Independent member tenures and current position
- Membership and Recruitment
- Induction
- Development and training
- Frequency and location of meetings
- Scrutiny committees
- Remuneration

#### **Overview of Current position**

The Audit Committee of the GMCA has a significant responsibility placed on it as part of the GMCA's overall framework of governance. The GMCA is an increasingly complex organisation with gross group expenditure of c£2.5bn and a capital programme of c£0.6bn.

Membership of the committee currently comprises:

- 4 council members and 2 reserves
- 4 independent members including the chair.

Over the last 4 years the Committee has met on 4 or 5 occasions each year.

Attendance at times has been a little mixed particularly with council members. With elections, council members may only be on the committee for a short time. This impacts the quality of the meetings and participation.

The induction arrangements for new members particularly council members are unclear. As the current chair new council members have not had an introductory session with me.

It is understood that the constitution is silent regarding governance of tenures for independent members.

The current independent membership comprises 3 accountants and finance professional with different backgrounds and experiences providing a wide range of corporate skills and knowledge along with an HR/People specialist.

Although, there has been some training and technical/service development sessions these have in the main been held within the formal meeting and there has been no real structured forward plan.

All meetings have been at GMCA head office/city centre premises although there have been discussions to hold at other sites such as the fire training site.

The Committee has discharged its responsibilities but there is a sense amongst independent members of being detached from GMCA and its business. In other organisations such as health, housing, multi-academy trust and VCSE sectors where Audit Committees are generally constituted from board membership, the position on the board provides the wider context needed.

At present there is no relationship or discussion with the Scrutiny Committees. This feels like a gap.

Under the previous chair there were discussions regarding the responsibilities of independent members and the level of remuneration paid in context of organisational complexity and level of public money it oversees.

## **Independent member tenures and current position**

It is understood the constitution is silent regarding the governance of tenures for independent members. This is not good governance practice. In health and housing common practice is for tenures to be 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 smoother flow of change in membership.

### *Recommendation 1*

*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.*

*Governance & Scrutiny Officer (GSO) to gain agreement by Jan 2024.*

## **Membership and Recruitment**

The table below shows the existing membership and their point on the tenure timeframe based on recommendation 1 being agreed.

The tenures for Cathy and Gwyn now into the 7<sup>th</sup> year have not been formally extended or notified by the GMCA secretariat. This needs to be addressed, along with the recommendation.

Gwyn has indicated he may wish to step down in June 24 after 7 years. Cathy has suggested that if that is the case, she is happy to stay on to complete her 8<sup>th</sup> year in 2025. If Gwyn does step down, we will need to go out to advertise in early 2024.

Member	Start date	2023	2024	2025	2026	2027
Cathy Scivier	June 17	Completed 2x3	Completes 7 <sup>th</sup> June 24	Completes 8th		
Susan Webster	Jan 20	Completed 1x3			Completes 2x3 Jan 26	Completes 7th
Gwyn Griffiths	June 17	Completed 2x3	Completes 7 <sup>th</sup> June 24	Completes 8th		
Grenville Page	Jan 20	Completed 1x3			Completes 2x3 Jan 26	Completes 7th

The Trailblazer will bring increasing complexity and challenge for the Audit Committee and thought should be given as to whether an extra independent member may be required in preparation for 2025.

### *Recommendation 2*

*Gwyn to give an indication as to whether he wishes to step down in 2024 and if so we should prepare to go out to recruit.*

*GG to confirm by Dec 23.*

*GOS to go out to recruit early 2024 if GG stepping down.*

## **Induction**

The induction arrangements for new members particularly council members are unclear. As the current chair new council members have not had an introductory session with me.

### *Recommendation 3*

*Develop and put in place appropriate arrangements and scheduling of activities for induction pack/programme for all new members – both independent and council members. To be agreed by the Audit Committee.*

*GOS in liaison with Chair and Treasurer by March 24*

## **Development and training**

Although, there has been some training and technical/service development sessions these have in the main been held within the formal meeting and there has been no real structured forward plan. The Treasurer is currently looking at the CIPFA training for Audit Committee members.

### *Recommendation 4*

*Put in place 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.*

*Chair and Treasurer in liaison with GOS and steers of member. Framework to be agreed by the Audit Committee by March 2024.*

## **Frequency and location of meetings**

Over the last 4 years the Committee has met on 4 or 5 occasions each year. All meetings have been at GMCA head office/other office location in city centre, although there have been discussions to hold at other sites such as the fire training centre. Given the breadth and depth of GMCA and its work it is worth noting that the members spend no more than c12.5/15 hours together a year. With, Council member attendance being variable this will be considerably less for some. Also, given independent members do not operate with local government there is a sense amongst them of being a little detached from GMCA and its business.

### *Recommendation 5*

*Develop programme/schedule of development sessions either tagged onto formal meetings or separate development day and give consideration to number of meetings needed per year to conduct business and effectively discharge responsibilities.*

*Chair and Treasurer in liaison with GOS and steers of members. To be agreed by the Audit Committee and embedded into forward work plans from April 24 at latest.*

## **Scrutiny Committees**

At present there is no relationship or discussion with the Scrutiny Committees. This feels like a gap.

### *Recommendation 6*

*Develop arrangements for appropriate liaison to take place between the Audit Committee Chair and Scrutiny Committee Chairs at least once a year, probably twice a year, and/or Committees.*

*Chair and Treasurer in liaison with GOS and steers of members. To be agreed by Audit Committee from April 24 onwards.*

## **Remuneration**

Under the previous chair there were discussions regarding the payment of Council members for their attendance at the Audit Committee and it is not clear what has been agreed on this. The responsibilities of independent members and the level of remuneration paid in context of organisational complexity and level of public money it oversees was also raised. This has been raised subsequently by the chair with the Treasurer who has indicated that this should be looked at. The advert for an independent audit committee member at TfGM was shared. The responsibilities are increasing and the trailblazer will place further demands on members.

### *Recommendation 7*

*Benchmarking to be undertaken regarding remuneration of independent members taking account of future context, demands and expectations. Clarification to be provided regarding payment of council members.*

*Treasurer in liaison with GOS and Chair by March 2024.*

Grenville Page  
Chair of GMCA Audit Committee  
In liaison with independent members  
November 2023