

**Minutes of a Meeting of the Greater Manchester Combined Authority Audit Committee, held on Wednesday 13<sup>th</sup> March 2024 at the Friends' Meeting House, 6 Mount Street, Manchester.**

**Present:**

Councillor Dylan Butt	Trafford Council
Gwyn Griffiths	Independent Member
Councillor Shelley Lanchbury (substitute Member)	Manchester City Council
Grenville Page	Independent Member (Chair)
Catherine Scivier	Independent Member
Susan Webster	Independent Member
Councillor Mary Whitby	Bury Council

**Officers:**

Steve Wilson	GMCA Treasurer
Andrew Lightfoot	GMCA Deputy Chief Executive
Sarah Horseman	GMCA Deputy Director, Audit and Assurance
Damian Jarvis	GMCA Internal Audit Manager
Paul Chase	GMCA Corporate Risk Manager
Lindsey Keech	Head of Finance (Capital and Treasury), GMCA
Paul Harris	Governance and Scrutiny, GMCA

**In attendance:-**

Karen Murray	Mazars, External Auditor
Dawn Watson	Mazars, External Auditor
Steve Warrener	Managing Director and Finance Director TfGM
Matt Bull	Deputy Finance Director, TfGM
Adnan Gire	Head of Estates, GMCA

## **AC 51/23 Apologies for Absence**

Apologies were received and noted from Councillor Caroline Carrigan (Stockport Council), Councillor John Merry (Salford), Councillor Christine Roberts (Wigan Council) (Substitute Member) and from Councillor David Molyneux, Portfolio Lead Member.

The Chair extended a welcome to those present.

## **AC 52/23 Chair's Announcements and Urgent Business (if any)**

### **a. GMCA Chief Executive**

Members received an update which informed them that Caroline Simpson, currently Chief Executive of Stockport Council, had been appointed as the preferred candidate for the appointment as Chief Executive for the Combined Authority, subject to the appointment being ratified by the Combined Authority meeting at the end of March.

### **b. GM Fire and Rescue Service**

The GMCA Treasurer was pleased to announce a recent report by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) ranked GM Fire and Rescue Service as one of the best performing services in the country and the most improved.

Members noted that the inspection covered eleven areas of which ten, were ranked as good. The efforts of Chief Fire Officer and his leadership team were recognised in achieving this positive outcome.

### **Resolved/-**

1. That the updates be noted and welcomed.
2. That the HMICFRS report be shared with Members.

### **AC 53/23     Declarations of Interest**

There were no declarations made by any member of the Committee in respect of any item on the agenda.

### **AC 54/23     Minutes of the Previous Audit Committee Meeting**

The minutes of the previous meeting of the Audit Committee held on 24<sup>th</sup> January 2024 were submitted.

#### **Resolved/-**

1. That the minutes of the meeting of the Audit Committee, held on 24<sup>th</sup> January 2024, be approved as a correct record.
2. That the accompanying action log be noted.

### **AC 55/23     Update from the Joint Audit Panel (Police and Crime)**

The GMCA Treasurer introduced an update on the work of the Joint Audit Panel, which summarised the discussions that took place at the Panel's meeting on 23 January 2024.

A Member requested that the minutes from the Panel meeting be shared with members and included in future updates to the Committee.

It was noted that the chair of the Joint Audit Panel has asked for an update to be provided to in respect of the GMP capital programme and given the link this has with GMCA assets, the capital programme report would be presented to the Audit Committee following its consideration by the Panel.

Following a request from a Member regarding the relationship between the committee and GMP, particularly in respect of understanding the lines of accountability of GMP and political leads. In response, officers noted that this matter, including the role of the Police and Crime Panel will be included as a deep-dive topic for a future meeting of the committee.

Following a request from a Member for information regarding GMP vetting, it was noted that the GMP Internal Audit Plan included vetting and a report on this would be presented to the committee following its consideration by the Joint Audit Panel.

A Member reiterated a request for the provision of contextual numbers in relation to a previous presentation the committee received on GMP vetting.

**Resolved/-**

1. That the Joint Audit Panel update be noted.
2. That the minutes of the Joint Audit Panel meeting be shared with Audit Committee members.
3. That an update on Vetting be provided to the next meeting of the Committee.
4. That GMP be contacted to provided contextual information regarding a previous presentation on GMP Vetting arrangements.

**AC 56/23     Audit Committee Effectiveness**

The GMCA Treasurer introduced a report which provided Audit Committee members with an update on the discussions and recommendations made at the previous meeting of the committee, which suggested a way forward in developing the work and functionality of the Audit Committee.

Members highlighted that in respect of the recruitment of an Independent Member, it was important to look at the diversity of the committee and skills as part of this process.

A Member noted that in respect of independent member tenures, clarity on how tenures can be extended as part of a third term was needed.

**Resolved/-**

The Audit Committee members are asked to comment and note the report.

## **AC 57/23 Risk Management Update**

The Deputy Director of Audit and Assurance, GMCA provided a report which informed Members of the Audit Committee of changes in the GMCA Strategic and key operational risks and to provide an update on the changes to the risk management activities undertaken since the last meeting of the committee.

The update covered a reputational risk covering the efficient running of elections has been identified and is being worked up as a directorate risk; a risk review by the Digital Team has led to the risk from switchover of the Public Service Telephone Network (PSTN) from analogue to digital being increased significantly as this could impact vulnerable people. In response, a working group is engaging with national and local stakeholders to identify solutions; an Introduction to Risk Management session was hosted as part of the Festival of Learning in February with attendees from multiple teams. A new Risk Training E-module designed to give staff a foundation in managing risk at the GMCA is currently going through its testing phase and will be launched as soon as that is completed.

A Member highlighted that the biggest risk across the authority is within the IT and cyber facilities. Clarity was sought on the capacity to be able to monitor this work. In response, it was noted that the audit processes for cyber related matters are outsourced to an independent auditor with cyber and IT expertise.

In respect of PSTN and election risks, Members noted that the GMCA audit plan will invite risk owners to advise what action will be taken to mitigate risks the respective risks. A workshop on this was to be conducted with GMCA senior leadership team to discuss risk actions. In addition, officers clarified that the PSTN was not an organisational risk as it was not part of GMCA's statutory functions but is being considered due to the possible population risk and is included as part of the possible political leadership advocacy role.

In response to an enquiry from a Member regarding Police and Fire risks, it was noted that the assurances identified in the HMIC reports will also provide assurance to GMCA.

A Member highlighted that given the additional devolved responsibilities the new devolution arrangements will provide, the risk register for the organisation will become larger and more complex. Clarification was sought as to what tools and technologies are utilised to manage this risk register. In response, it was noted that there is not a specialised risk system used.

In respect of the operational risk on Behaviours and Culture, a Member sought assurance on how staff are to be supported and understand capacity and capability, given the upcoming changes taking place, including the single settlement. In response, officers noted the ongoing work taking place to articulate the changing nature of the GMCA. It was suggested that details of this work including behaviour and cultural change would be brought to a future meeting of the Committee.

A Member suggested that information on what mitigations were in place to deal with those risks register actions scoring 20+ be summarised in future reports.

With regard to Risk SR7 – Significant financial risk to transport (bus and Metrolink) resulting from reduced patronage levels, a Member sought information on what measures were in place to deal with possible transport risks which have occurred in London.

Following an enquiry from a member in respect of the inherent risk and residual risk scores associated with the PSTN switch over risk, it was noted that the report reflected where the risk owner had updated the risk score.

### **Resolved/-**

1. That the Risk Management update be noted.
2. It was suggested that details of this work including behaviour and cultural change would be brought to a future meeting of the Committee.

## **AC 58/23 Risk Deep Dive - Bus Franchising**

The GMCA Treasurer, the TfGM Managing Director and the Deputy Finance Director, TfGM, introduced a presentation which provided an overview of Bus franchising in Greater Manchester.

As part of the opening remarks, the GMCA Treasurer provided some context around the risks around a fully franchised bus service. Information on transport budget planning, the financial risks and government funding support were highlighted.

Members noted that patronage levels were now at pre covid levels and the move to a franchised bus service would increase financial risks for revenue in a similar way to that of Metrolink fares.

The presentation informed Members of the development of the Bee Network, which aims to provide a fully integrated transport network bringing together bus, tram and active travel by 2025 (with commuter rail to follow by 2030); Delivers a transformation in the way people travel, with integrated fares, customer information - under a single, identifiable and accountable brand. Supports our people and places to thrive, as well as the sustainable delivery of new homes and employment needed to accommodate GM's continued growth. A comparative outline of responsibilities for TfGM and Bus Operators under a de-regulated bus system and a franchised bus system was explained.

Members also noted the franchising was being rolled out in a phased basis, commencing in September 2023, tranche 2 in March 2024 and Tranche 3 in January 2025. Arrangements for cross-boundary services, operators, contracts, vehicle types and simpler fares were explained.

The vision for better buses as set out in the GM Bus Strategy was highlighted. Members were also informed of the mechanisms to develop the bus network and set out initial performance targets to 2030 in respect of patronage, frequency, infrastructure and affordability.

In welcoming the presentation, a Member commented that some bus services operating in Bury well used. The Member asked if there will be the introduction of real

time bus information at bus stops to help to inform those passengers waiting at stops, particularly if they do not have access to smart phones, internet and social media. In addition, there needs to be a way for passengers to feedback comments either in person or offline. In response, it was noted that residents can write or call the TfGM Contact Centre should they have a comment to feedback about their transport experience.

A Member suggested that bus services should be extended to reflect that GM is a 24 hour 7 days per week economy. Not having regular public transport in the evening can impact on people's ability to access employment. In response, it was noted that network reviews provide a mechanism to understand whether bus services are catering for demand. In addition, Ring and Ride and local link services can provide services for people not able to access conventional bus services.

A Member also asked what is being done to encourage younger people to use bus services. In response, it was noted that the introduction of the Our Pass scheme provides free transport for young people and can encourage them to make journey's by public transport. In addition, TfGM works with schools to promote public transport usage. TfGM also works with young people on the perception of safety on the transport network. The inclusion of Travel Safe Officers across the transport network provide a visible presence to allow confident travel.

In response to an enquiry from a Member regarding staffing arrangements, officer noted that the Mayor has establish a Workforce Engagement Board a standardised approach from operators on employees' pay and terms and conditions within a Bee Network.

A Member highlighted particular areas in GM where residents would be deterred from taking employment as there was not an adequate public transport offer. The provision of regular out of hours and nighttime services can open up job opportunities for residents that work in industries with irregular shift patterns.

In respect of zero emission vehicles, the gradual introduction of such buses will help to future proof the fleet on future technology developments and ensure that the existing fleet assets are used efficiently. In response to an enquiry from a Member, it was noted

that a the lifespan of bus is approximately 10-15 years, noting that this may result in a fragmented looking fleet for some time. The franchise agreement has a minimum specification and as such, the buses should look and feel the same across the network.

In response to a question from a Member, it was noted that there will be 1800-2000 buses on the whole bus network and if there was capacity in the infrastructure for electrification, Members noted that the capital strategy will set out a business case for retrofitting existing assets and/or the developing new infrastructure.

Following a request from a Member, officers undertook to share information in respect of the long-term business plan and stress testing involved to understand any financial risk and mitigation in place.

### **Resolved/-**

1. That the informative presentation be received with thanks and noted.
2. That Members be provided with information in respect of the long-term business plan and stress testing involved to understand any financial risk and mitigation in place.

### **AC 59/23 Internal Audit Progress Report**

The Deputy Director of Audit and Assurance, GMCA provided a report which updated Members of the progress made on the delivery of the Internal Audit Plan for 2023/24.

The report is also used as a mechanism to seek approval of changes to the Internal Audit Plan, as set out in Appendix C to the report.

The report outlined four report that had been concluded since the last meeting of the Committee, namely Payroll Compliance (substantial assurance), Occupational Health Contract – effectiveness (reasonable assurance), Freedom of Information Act (FOIA) and Subject Access Requests (SAR) (reasonable assurance) and ICT Critical System Review - Gartan Roster (External) (Limited assurance).

A Member requested that the ICT Critical System Review Gartan Roster report be considered further by the Committee at an appropriate time.

In terms of the report regarding the occupational Health Contract, officers confirmed that the report was in respect GMCA and GMFRS.

### **Resolved/-**

1. That the Internal Audit progress report be noted.
2. That approve of the changes to the Audit Plan, as set out in Appendix C, to the report, be granted.

### **AC 60/23    Audit Action Follow Up**

The Deputy Director of Audit and Assurance, GMCA introduced a report which advises the Audit Committee of the progress made in implementing the agreed actions from internal audit assignments.

The report explained that as of March 2024, 84% of Internal Audit actions due in the last 2 years have been implemented, against the target rate of 85%.

The GMCA Head of Estates, provided an update on the Asset Compliance and CCTV actions. Members noted that in relation to CCTV actions, there was only one remaining action now outstanding regarding Policies. Compliance related risks for procurement, a further area of risk has been identified and as such a service review and options appraisal was to take place to mitigate the compliance actions.

A Member raised concerns that procurement issues remain and there is no further clarity in some areas of the business respect of the recruitment of contractors. A robust process for the recording of contractor recruitment was sought. In response, officers explained that GMCA is aware of these risks and a training process is being undertaken. In addition, a plan for improvement has been developed. The introduction of a commercial approach with end-to-end contract management was noted. In addition, work was taking place to implement the new procurement regulations and it

was suggested that this approach could be brought back as a deep dive topic for consideration by the committee.

A Member suggested introducing a mechanism to provide greater visibility on progress against high-risk items. Officers undertook to develop a protocol on how such matters will be treated.

**Resolved/-**

1. That the progress and implantation of Internal Audit actions, as set out in the report, be noted.
2. That the GMCA's approach to the implementation of new procurement regulations be brought back as a deep dive topic for consideration by the committee.
3. Officers undertook to develop a protocol on how such matters will be treated. a mechanism to provide greater visibility on progress against high-risk items.
4. That the GMCA Risk and Assurance team be thanked for their efforts with the steady improvement of actions to 84% completion.

**AC 61/23 Internal Audit Plan 2024/25**

The Deputy Director of Audit and Assurance, GMCA introduced a report which presented Members with the proposed Internal Audit plan for 2024/25 for their consideration. Members noted that the planning process is based on Internal Audit's understanding of GMCA's current strategic and operational risks and as such is designed to provide assurance over key risk areas.

In response to an enquiry from a Member regarding Internal Audit capacity, officers confirmed that work was taking place within GMCA to provide additional Internal Audit resources as part of the GMCA next phase works. This included short-term and longer-term funding approaches once the commitments of the single settlement are understood. Members expressed their collective view that additional Internal Audit resources were required.

A Member commented that in respect of strategic and organisation risks articulated in the Plan, clarification was sought on how they will be treated alongside the risk

register to ensure there are appropriate controls in place. In response, it was noted that the additional internal audit resource will allow to look further in to mitigating actions around strategic and operation risks.

**Resolved/-**

1. That the Internal Audit Plan for 2024/2025 be approved.
2. That the view of the Audit Committee that additional Internal Audit resources were required be noted.

**AC 62/23 Internal Audit Charter 2024/2025**

The Deputy Director of Audit and Assurance, GMCA introduced a report which advised the audit committee that 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.

The report reminded Members that 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 Deputy Director, Audit and Assurance and the charter presented to the Audit Committee annually for approval.

Members noted that there have been no changes to the Internal Audit Charter since the Committee last approved it in March 2023 and that new Internal Audit Standards are due to come into effect in January 2025, which are likely to require and update to the Charter.

Members also noted that CIPFA guidance in relation to Public Sector Internal Audit Standards was awaited and that any necessary changes will be made during 2024/25 as required and bring back to Audit Committee for review/approval ahead of the implementation date.

Following an enquiry from a Member, officers undertook to check whether there have been any issues regarding compliance of contractors to provide information in

respect of a contract and whether this in in the standard terms and conditions of contract awards.

**Resolved/-**

1. That the approval of the Internal Audit Charter, as set out in the report be granted.
2. That officers undertook to check whether there have been any issues regarding compliance of contractors to provide information in respect of a contract and whether this in in the standard terms and conditions of contract awards.

**AC 63/23 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2024/25**

The GMCA Treasurer introduced a report which set out the proposed Treasury Management Strategy Statement, Borrowing Limits and Prudential Indicators for 2024/25 to 2026/27 for the Authority. The strategy reflects the 2023-2027 capital programme for Transport, Economic Development, Fire and Rescue, Waste and Police.

In respect of the liability benchmark, officers clarified that the benchmark is driven by GMCA's plans, including how much borrowing GMCA has, capital finance requirements and GMCA investment levels.

**Resolved/- :**

That the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2024/25 be noted and that the Committee recommends its approval by the GMCA.

## **AC 64/23    2024/25 GMCA Capital Strategy**

The GMCA Treasurer introduced a report which reminded Members that the Capital Strategy sets out the over-arching principles and processes by which the capital and investment decisions set out in the Capital Programme will be prioritised against the key aims of the Greater Manchester Strategy (GMS).

In addition, the Capital Strategy considers the funding implications of the Capital Programme and where borrowing is required, the Treasury Management Strategy sets out how this will be managed during the year along with the policy for managing investments. The Treasury Management Strategy also incorporates the statutory prudential indicators along with the Minimum Revenue Provision Policy to be adopted for 2024/25.

The Capital Strategy also provides an overview of the governance arrangements for capital investment decisions and outlines the Authority's arrangements for managing risk.

Following enquiry from a Member regarding Private finance Imitative (PFI) schemes, it was noted that plans are in place regarding the integration of the Stretford Fire Station as a GMCA asset.

In response to an enquiry from a Member regarding the Capital Programme, officers explained that the increase in 2025/26 for Waste and Recycling is a consequence of the building of an additional co-mingled recycling plant.

### **Resolved/-**

That the Capital Strategy for 2024/25 be noted and that the Committee recommends its approval by the GMCA.

**AC 65/23     Reports from the External Auditor - Audit Strategy Memorandum –  
Year ending 31 March 2023**

The External Auditor took members through the Audit Strategy Memorandum for the year ending 31 March 2023. The report introduced the External Audit Team; summarised engagement and responsibilities matters; Audit scope, approach and timeline; Significant risks and other key judgement areas; Value for money; Fees for audit and other services; Mazars commitment to independence; and Materiality and misstatements.

Members endorsed the suggestion that given the complexities of more than one audit taking place, an informal session with Members was to be arranged to take Audit Committee members through the 2022/2023 Financial Statements.

A Member suggested that the informal session could also pick up and changes in accounting policies.

**Resolved/-**

1. That the Audit Strategy Memorandum for the year ending 31 March 2023, as presented by Mazars, External Auditor, be received with thanks and noted.
2. That the Clerk be requested to canvass Members' availability to for an informal session on the 2022/2023 accounts.

**AC 66/23     Audit Committee Work Programme 2024-2025**

The GMCA Treasurer introduced a report which sought Audit Committee members' comments on a draft work programme of items that will provide a focus for the work of the Committee for the 2024/25 municipal year.

**Resolved/-**

That the draft Audit Committee Work Programme for 2024/25, be noted.

**AC 67/23    Dates and Times of Future Meetings**

It was noted that Members have been canvassed on the date and times of future meetings for 2024/2025.

**AC 68/23    Acknowledgement**

On behalf of the Committee, the Chair wished to place on record the thanks of Members to Councillor Mary Whitby and Councillor Shelley Lanchbury, for the significant contribution they have made to the work of the Audit Committee.