

Minutes of the Meeting of the Greater Manchester Combined Authority Audit Committee, Held on Tuesday 22nd October 2024 at GMCA Offices, Tootal Buildings, Manchester M1 6EU.

Present:

Councillor Dylan Butt	Trafford Council
Councillor Colin McLaren	Oldham Council
Councillor Elliot Moss	Bury Council
Grenville Page	Independent Member (Chair)
Catherine Scivier	Independent Member
Susan Webster	Independent Member

Officers:

Steve Wilson	GMCA Treasurer
Sarah Horseman	GMCA Deputy Director, Audit and Assurance
Lindsey Keech	Head of Finance (Capital and Treasury Management), GMCA
Paul Harris	GMCA Senior Governance and Scrutiny Officer

In attendance: -

Dawn Watson	Forvis Mazars, External Auditor.
Peter Morris	Chair, Joint Audit Panel (Police and Crime)

AC24/24/25 Apologies for Absence

Apologies were received and noted from Councillors David Molyneux, Portfolio Lead Member, Councillor Andrew Simcock (Manchester City Council), Councillor Emily Mort (Bolton Council) and Jack Youd (Salford City Council).

Karen Murray, Forvis Mazars, External Auditor; Caroline Simpson, Group Chief Executive, GMCA, Andrew Lightfoot, Deputy Chief Executive, GMCA and Claire Postlethwaite, Director of Operational Finance, GMCA.

AC 25/24/25 Chair's Announcements and Urgent Business

The Chair extended a welcome to those present. A particular welcome was extended to Peter Morris, Chair of the Joint Audit Panel, who was in attendance to present his annual report.

The Chair noted that due to unforeseen travel complications, a Member had been delayed and therefore a quorum was not currently present.

Additional housekeeping matters were noted.

Information regarding the recruitment process for the appointment of an Audit Committee Independent member explained that this process will also include the appointment process for the Joint Audit Panel (Police and Crime) Independent member.

The Treasurer explained that a report was to be presented to an upcoming meeting of the GMCA Resources Committee setting out the leadership arrangements for the new GMCA Group structure.

AC 26/24/25 Declarations of Interest

There were no declarations of interest reported by any Member of the Committee in respect of the agenda items.

AC 27/24/25 Minutes of the Previous Audit Committee Meeting

The minutes of the previous meeting of the GMCA Audit Committee, held on 31st July 2024 we submitted.

Members highlighted that it would be helpful for Committee meeting dates to be confirmed at the earliest opportunity.

In response to an enquiry from a Member, it was noted that a training programme for Members was to be provided. It was suggested that the first topic would include the Integrated Settlement following the upcoming Budget announcements.

It was noted that the GMCA Internal Audit Charter will be circulated to Committee members.

Resolved/-

1. That the minutes of the previous meeting of the GMCA Audit Committee, held on 31st July 2024, be approved as a correct record, subject to noting that Gwyn Griffith as an Independent Member.
2. That the action log accompanying the minutes be noted.
3. That the approval of the minutes be ratified as per the note below.

AC 28/24/25 Draft Annual Report of Audit Committee

Report of Grenville Page, Chair of the GMCA Audit Committee introduced a draft annual report for comments by Members.

A Member highlighted the membership of the Committee should include Councillor John Merry.

Resolved/-

1. That the draft Chair's report be updated to reflect comments made by Members and that the Chair in consultation with the GMCA Treasurer, will consider any additional amendments.

2. That the report be ratified as per the note below.

AC29/24/25 Update from the Joint Audit Panel

The minutes from the Joint Audit Panel meeting on 22 July 2024 were provided which submitted.

Resolved/-

That the update of the from the Joint Audit Panel be received and noted.

NOTE: The Chair confirmed that at this point a Quorum was now present and sought Members ratification to the discussions above.

AC30/24/25 Annual Report of the Joint Audit Panel (Police and Crime)

Peter Morris, Chair of the Joint Audit Panel (Police and Crime) introduced a presentation which provided a summary of the work of the Panel during the previous 12 months.

Members noted that the Panel had considered a broad range of issues within its agreed Terms of Reference throughout the year and where appropriate had called for additional information or action to be taken. As part of its overall responsibility for providing assurance to the Deputy Mayor and the Chief Constable, GMP, on the internal control environment, the Panel has monitored the work of internal audit and the response to internal audit findings.

In welcoming the report, a Member asked what actions were being taken to understand the reputational aspect of GMP recruitment and vetting procedures. In response it was noted that GMP was putting a lot of resource into the vetting

process. Vetting has also been the subject of an Internal Audit review which concluded in August with a reasonable assurance opinion.

A Member asked if the GMP annual accounts were impacted on the audit backstop arrangements. In response, it was noted that, as GMP is part of the GMCA Group, it was noted that the backstop will apply to the consolidated group accounts.

A Member asked about how the backstop impacted on the GMP capital programme.

Members noted that the Panel Chair's report provided a high-level summary of the internal audit work that has been done. The assurance that the GMCA Audit Committee continues to receive through the minutes from Joint Audit Panel meetings minutes and provides an overview of the work of the Panel.

The role of the Panel's four Independent Members was noted. Mr Morris explained that training sessions on particular areas of focus are provided prior to each Panel meeting to help understanding of topic areas and Member development. Members also noted that the tenures of Independent Members had been aligned with the approach of the GMCA and have been reflected within the Panel's Terms of Reference. Committee Members also noted that the Independent Member recruitment process will invite applications to both the GMCA Audit Committee and the Joint Audit Panel.

In response to a comment from a Member seeking greater detail of the Joint Audit Panel's work to be included, it was suggested the report provides assurance and an understanding of the work of the Panel. It was noted that if Members feel that there are specific gaps in assurance, specific reports, could be followed up by the Committee. Members recognised that the provision Internal Audit Opinion alongside with the Panel's report would be helpful.

The role of Internal Audit and the Internal Audit Plan was highlighted which considers risks in the Force and different sources of assurance.

It was suggested that a summary of the internal audit work and the audit rating be included in future versions of the report. The Head of Internal Audit's Opinion for 2023/2024 was to be shared with the Committee.

A Member suggested that the provision of hard indicators, such as Audit action compliance would be helpful information to receive.

Resolved/-

1. That the report be received with thanks and noted.
2. That the Committee notes that future iterations of the Joint Audit Panel Chair's report will be presented with the Internal Audit Opinion report.
3. The Head of Internal Audit's Opinion for 2023/2024 was to be shared with the Committee.

AC31/24/25 Risk Management Update

The Deputy Director Audit and Assurance, GMCA introduced 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 risk management activities undertaken since the last meeting of the Audit Committee. Risk themes identified for development and escalated risks strategic risk register were appended to the report.

Activities associated with the Integrated Settlement were highlighted. Members noted that training opportunities in relation to the outcome of the Integrated Settlement at an appropriate time.

A Member suggested that some of the new risks referenced in the report potentially should have been included in the Risk Register at an earlier point. In response, it was noted that the GMCA Risk Manager was working with respective directorates within GMCA to work with risk owners to identify, link and escalate risks.

A Member highlighted the GMCA strategic ambition for carbon neutrality by 2038 and noted the activities associated with this ambition were spread over a number of GM services including Waste, Environment and Transport. In response, it was suggested

that the provision of the Integrated Settlement will enable for a new approach on how such risks are organised, including an opportunity to align risk activities with the outcome framework pillars of the integrated settlement.

A Member recognised the closer working relationship of the GMCA and the GM Integrated Care Board. The Member enquired if there were any risks to be articulated in respect of the collaborative relationship and asked if there were any potential barriers. In response, the collaboration risk was listed within the risk register and more information on possible mitigations were explained. It was suggested that a deep-dive on this matter would be helpful.

Following a comment from a Member regarding risks associated with potential conflicts of interests when providing investment loans, officers explained that this matters would be discussed with the respective risk owner.

A Member highlighted Artificial Intelligence (AI) as part of the Cyber risk, noting that AI also provided opportunities as well as possible challenges for the authority. It was noted that response it was noted that an AI policy was in place and that AI could be identified as a focus of a deep dive.

A Member enquired on emergency planning preparedness and resilience. In response, it was noted that these was a risk around preparedness for events. It was suggested that this would be a matter for a deep dive topic.

It was noted that the Corporate Risk Register provided a high-level summary and the importance of mitigations and appropriate actions being taken to deal with risks on the register was highlighted by a Member. An enquiry was made in respect of risk mitigations to existing risks and how an organisation's risk appetite and targets were seen as drivers for risk mitigations. In response, officers noted the approach to explore mitigations of strategic risks. The approach to tie-in risk management and Internal Audit was noted.

Resolved/-

That the Risk Management update be noted and the suggested deep-dive focus be also noted.

AC32/24/25 Risk Deep Dive Planning

Members were invited to discuss future risk deep dive topics for consideration by the committee. Members noted that the earlier discussions with the risk register had identified Emergency Preparedness, Artificial Intelligence and NHS/GMCA Collaboration.

In response to a comment from a Member regarding GMCA directorate risks, officers confirmed that directorate risks had been included to provide visibility to Members. It was noted that where these risks are escalated, Internal Audits of such risks will be undertaken and actions will be implemented.

A Member raised concerns in respect of the audit scores associated with GMFRS and also Waste Emissions Trading Scheme. It was suggested that these matters could be considered as part of a deep-dive session.

It was suggested that the Integrated Settlement and the Assurance Framework, Bus Franchising and Transport as potential areas of focus.

A Member highlighted that given the number of areas of focus raised by Members, and the current scheduling priorities, consideration of whether additional meetings of the Committee were needed in order to explore these deep-dive areas. The provisional of additional information sessions, linked to the deep-dive topics were also suggested.

Resolved/-

That the Committee supports the approach to risk deep-dive planning, noting that future consideration of Emergency Preparedness, Artificial Intelligence and

NHS/GMCA Collaboration, GMFRS, Waste Emissions Trading Scheme Integrated Settlement and the Assurance Framework, Bus Franchising and Transport.

AC33/24/25 Internal Audit Progress Report

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

It was noted that since the last meeting of the Committee, two reports in respect of Supporting Families Programme Compliance and Trainee Firefighter Attraction, Recruitment and Selection had been concluded. Both reports gave a Reasonable assurance.

The report also highlighted eight grants had been certified since the last meeting and gave an overview of those audits in draft and planned. In addition, it was noted that a piece of work in respect of the Single Assurance Framework was to be undertaken.

Members noted that a recruitment exercise was underway to appoint to two internal auditor posts. The link to the job advertisement was to be shared with Members so that the details can be share additionally via their respective networks.

A Member enquired if there was confidence that the full programme of work will be concluded by the end of the financial year. In response, it was noted that it was likely that there would be some slippage and that Internal Audit Plans were developing in to rolling plans and are constantly revisited. If there are any changes to the Internal Audit Plan then such would be brought to the Committee.

Resolved/-

1. That the progress made in implementing the agreed actions from internal audit assignments as set out in the report, be noted.
2. That it be noted that there are no changes to the Internal Audit Plan.

3. That the addition of new resources to the Internal Audit Team be welcomed.

AC34/24/25 Audit Action Tracking

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

In response to an enquiry from a Member, officers undertook confirm if the CCTV Compliance Policy referenced in the report had been updated.

In welcoming the positive performance to 90% of audit action implantation, a Member commented that this continued improvement pointed to an underlying acceptance of work of the Internal Audit team within the Authority.

In respect of asset compliance risks, it was noted that this has been a long-standing issue relating to the re-procurement of statutory gas and electric testing contracts. Officers clarified that the record retention element had been identified as a tolerated low risk.

A Member highlighted that scores above target may need to be tolerated due to external factors and that this should be recognised in the Risk Register.

Resolved/-

That the progress of the implementation of Internal Audit actions, as set out in the report, be noted.

AC35/24/25 Annual Governance Statement (Final)

Members considered a joint report of the GMCA Treasurer and the GMCA Solicitor and Monitoring Officer which provided the Committee with the 2023/24 Annual Governance Statement (AGS) for final comments in advance of publication.

Members noted that this had previously been brought to the July 2024 meeting as a draft final statement.

It was also noted that the AGS would ordinarily be published accompanying the 2024 Financial Accounts, however as the accounts were yet to be finalised the AGS will be published as a stand-alone document.

In response to an enquiry from a Member it was noted that the refocussing of the Cost of Living Response Group to focus on financial inclusion, will move from a crisis response group to a more target approach to support pockets of communities.

Resolved/-

That the Annual Governance Statement be noted and that the Committee endorses the Annual Governance Statement for publication.

AC36/24/25 Treasury Management Update - Quarter 1

The GMCA Treasurer, introduced a report which provided Members with an update on treasury management activities during the first quarter of 2024/25.

The Treasurer also provided an update in respect of inflation and interest rates. The report also explained cash holdings and investment profiles. Debt restructuring approaches in response to interest rate changes were noted.

In terms of the investment portfolio, a Member highlighted the loan arrangement by South Yorkshire Fire and Rescue Authority. In response it was noted that market interest rates in March 2024 were higher and the Authority had locked in the loan for a longer period.

Resolved/-

That the report on treasury activities during the first quarter of 2024/25 and the forecast prudential and treasury indicators, set out in Appendix 1 to the report, be noted.

AC37/24/25 External Auditor Report

Dawn Watson, Mazars, External Auditor provided a progress update on the work of the External Auditor. The report highlighted the Audit progress, Value for Money arrangements and outlined national publications.

Members noted that the External Auditor had completed audits in Property, Plant and Equipment and the non-material error in respect of Bury Fire Station. In addition, a proposal in respect of the treatment of the consolidated accounts was being worked through.

In respect of the 2023/24 Financial Statements, the GMCA Treasurer highlighted the new Government's approach to the national audit delays including the change in the national timeline to a February 2025 backstop date, noting that this change will impact on the completion of the GMCA audit and the conclusion of the 2023/2024 annual accounts

In response to an enquiry from a Member, it was noted that the complexities of the GMCA Group accounts, the audit process can only be carried out once audits of GMP and TfGM accounts had been completed. In respect of the Integrated Settlement, the processes for assurance to introduced was explained, noting that the Settlement will be treated as a grant in the accounts alongside other grants.

In terms of the disclaimer for the unaudited accounts, it was anticipated that there will be a standard wording to explain why unaudited accounts would not be published.

It was suggested that give the complexities and challenges to the auditing process for local government finances, fundamental reform of this process was required to to meet deadlines and ensure that future accounts were easily understandable by the public.

Resolved/-

That the report of the External Auditor and the process for the 2023/2024 accounts be noted.

AC38/24/25 Audit Committee Work Programme 2024-2025

Members considered the draft Committee Work Programme and noted that deep dive topics will be included as per the discussions earlier.

In addition, a status update in relation to the GMCA accounts will be brought back to the January meeting of the Committee.

A Member suggested that a rolling 18–24-month work programme be developed.

Resolved/-

That the draft work programme be updated to reflect the Committees request for a longer-term 18-24 month rolling work programme.

AC39/24/25 Dates and Times of Future Meetings

To note the future meeting dates for the Committee of Wednesday 22nd January 2025 and Wednesday 19th March 2025. Both meetings will commence at 10:00 am.

AC40/24/25 Exclusion of Press and Public

That, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting for the following items on business on the grounds that this involved the likely disclosure of exempt information, as set out in the relevant paragraphs of Part 1, Schedule 12A of the Local Government Act

1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

AC41/24/25 Internal Audit Progress Update

Deputy Director of Audit and Assurance, GMCA provided an early overview of a draft report relating to GMCA People Service and Leavers Process Compliance.

A verbal update on two whistleblowing matters was also provided.

Resolved/-

That the verbal updates on the GMCA People Service and Leavers Process Compliance report and whistleblowing matters be noted.