INTRODUCTION

1 Statement of purpose

1.1 The Audit Committee is a key component of corporate governance providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks. It oversees financial reporting, the Annual Governance Statement process and internal and external audit, to ensure efficient and effective assurance arrangements are in place. Membership comprises 7 local authority members and an independent member.

1.2 The Combined Authority’s Constitution lays responsibility to the Audit Committee ‘to oversee the effectiveness of the Authority’s and Transport for Greater Manchester’s (TfGM) risk management arrangements’. The Constitution also makes the Authority’s Treasurer responsible for discharging the functions of the ‘responsible financial officer’ under the Accounts and Audit (England) Regulations 2011, including ensuring risk is appropriately managed.

CORE FUNCTIONS

The core functions of the Authority’s Audit Committee are to:

1. Approval of Accounts

1.1 Approve under delegated powers the annual statement of accounts for GMCA (including consolidated figures for MIDAS, Marketing Manchester, New Economy and Greater Manchester Accessible Transport) and AGMA.

2 Governance, risk and control

2.1 Review corporate governance arrangements against the Code of Corporate Governance and the good governance framework.

2.2 Review the Annual Governance Statement (AGS) prior to approval to ensure it properly reflects the risk environment and supporting assurances.
2.3 Review the effectiveness of arrangements to secure value for money.
2.4 Ensure the assurance framework adequately addresses risks and priorities including governance arrangements in significant partnerships.
2.5 Monitor the Authority’s risk and performance management arrangements including review of the risk register, progress with mitigating action and the assurance map.
2.6 Consider reports on the effectiveness of internal controls.
2.7 Monitor the anti-fraud strategy, risk-assessment and any actions.

3 Internal audit

3.1 Approve the Internal Audit Charter.
3.2 Oversee Internal Audit’s effectiveness including strategy, planning and process and ensure conformance with Public Sector Internal Audit Standards (PSIAS).
3.3 Approve (but not direct) the risk-based internal audit plan including resources, the reliability of other sources of assurance and any significant in-year changes.
3.4 Make enquiries of the Head of Audit and Risk Management and other managers to determine any inappropriate scope or resource limitations.
3.5 Consider reports and assurances from the Head of Audit and Risk Management:
   • Internal Audit performance including key findings and actions from audit assignments, significant non-conformance with PSIAS and the Quality Assurance and Improvement Programme.
   • Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control.
   • Risk management and assurance mapping arrangements.
   • Progress to implement recommendations including concerns or where managers have accepted risks that the Authority may find unacceptable.
   • Provide assurances over the effectiveness of internal audit functions assuring the internal control environments of TfGM and Marketing Manchester, MIDAS and New Economy (Manchester Family – Greater Manchester Growth Company).
3.6 Contribute to the Quality Assurance and Improvement Programme, including the external quality assessment of internal audit.
3.7 Consider and comment on the Treasurer’s Annual Review of the Effectiveness of the System of Internal Audit.
3.8 Develop effective communication with the Head of Audit and Risk Management.

4 External audit

4.1 Consider reports including the Annual Audit Letter, assess the implications and monitor managers’ response to concerns.
4.2 Comment on the nature and scope of work to ensure it gives value for money.
4.3 Advise on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

5 Financial reporting

5.1 Consider whether accounting policies were appropriately followed and any need to report concerns to the Authority.
5.2 Consider any issues arising from external audit's audit of the accounts.
5.3 Ensure there is effective scrutiny of the treasury management strategy and policies in accordance with CIPFA’s Code of Practice.
5.4 Make recommendations to the Treasurer and Monitoring Officer in respect of Part 5 of the Authority’s Constitution (Financial Regulations).

6 Quorum
6.1 The quorum for the Committee shall be at least 4 of the 8 Members.

7 Accountability arrangements
7.1 Report the Committee’s findings, conclusions and recommendations to the Authority on the effectiveness of governance, risk management and internal controls, financial reporting and internal and external audit functions.