ITEM 4 (i)

MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE HELD ON WEDNESDAY 16 JANUARY 2018 AT THE MECHANICS INSTITUTE, PRINCESS STREET, MANCHESTER

PRESENT:

Gwyn Griffiths (Chair) Independent Member
Catherine Scivier Independent Member
Councillor Sarah Russell Manchester Council
Councillor Colin McLaren Oldham Council
Councillor Chris Boyes Trafford Council
Councillor Joanne Marshall Wigan Council

ALSO PRESENT:

Councillor Sharon Briggs GMCA Deputy Portfolio Holder/Bury Council
Daniel Watson Mazars External Auditor (2018/19)
Jess Hambley Mazars External Auditor (2018/19)
John Farrar Grant Thornton External Auditor (2017/18 GMWDA)
Helen Stevenson Grant Thornton External Auditor (2017/18 GMWDA)
Mark Heap Grant Thornton External Auditor (2017/18 GMCA)

OFFICERS:

Richard Paver GMCA Treasurer
Tom Powell GMCA Internal Audit
Damian Jarvis GMCA Internal Audit
Andrea Heffernan GMCA Finance
Lindsey Keech GMCA Finance
Steve Annette GMCA Governance & Scrutiny
AC 19/01 APologies

Apologies were received on behalf of Gareth Davies, Mazars

AC 19/02 Urgent Business

There were no items of urgent business reported.

AC 19/03 Declarations of interest

There were no declarations of interest made by any Member in respect of any agenda item.

AC 19/04 Minutes of the GMCA Audit Committee Meeting held on 25 September 2018 and Matters Arising

The Minutes of the meeting of the GMCA Audit Committee held on 25 September 2018 were submitted for consideration. The following matters were raised on the Minutes:

A. The Board noted that Councillor Mary Whitby, Bury Council was appointed as substitute member of the Audit Committee at the GMCA in August, 2018.

B. In relation to Minute reference AC/18/66 Appointment of Police and Crime Joint Audit Panel, the Committee noted that the Panel had been formed and that five independent members had been appointed and its first meeting was held in December. The Treasurer added that going forward the Committee would receive feedback on the Panel's operations and that there would be linkage with the work conducted by this Committee.

C. In relation to Minute reference AC 18/71 GMCA Audit Letter, the Committee noted that it was anticipated work would be concluded very soon. The Treasurer added that a number of questions that had been raised had subsequently been resolved.

RESOLVED/-

That the Minutes of the meeting of the GMCA Audit Committee held on 25 September, 2018 were approved as a correct record.

AC 19/05 Corporate Risk Register

The Committee was informed that the GMCA Governance and Assurance Framework included regular reviews the by Audit Committee of the Corporate Risk Register. A
report was submitted which provided the latest update of the Corporate Risk Register for January 2019.

I relation to the high risk areas the Chair asked to what extent there was a concept of ‘target risk’ in these areas adding that in other areas there should be a programme that identifies and categorises level of risk and suggested that this was something that should be developed so that members had an idea of which of those areas of risk were not as controlled as they ought to be.

A member raised the matter of the capital programme and grants and questioned to what extent this area was being scrutinised and what was being done about it. The Treasurer reported that following this meeting he would be attending an annual meeting with MHCLG to discuss the use of the Growth Fund and that the profile of grants was an item for consideration. There followed a general discussion, including the issue of schemes slippage and the Treasurer reported that this was a matter that was to be discussed at Chief Executive level and with Heads of Legal and TfGM representatives around the legal processes around grant agreements and the funding of scheme developments, to ensure that these aspects were not causing delays.

RESOLVED/-

1. That the latest update to the Corporate Risk Register and the draft Risk Management Strategy be noted.

2. That The GMCA be RECOMMENDED to approve the Corporate Risk Register and Risk Management Strategy.

AC 19/06    INTERNAL AUDIT PROGRESS UPDATE REPORT

The Committee was informed that the Internal Audit Service delivered an annual programme of work designed to raise standards in governance, risk management and internal control across the GMCA. This work was reported to SMT and Audit Committee and culminates in the Head of Audit and Risk Management’s annual assurance option.

The report provided Members with an update against the GMCA core plan for the third quarter of the year 1 October 2018 to 31 December 2018 and the resourcing position.

The Committee noted that the biggest element of change was around the Fire and Rescue Service Programme for Change and HMICFRS inspection readiness preparation. It was reported that the inspection was underway and that the published findings would be presented to a future meeting of this committee.

It was noted that a report would be presented to the April meeting on the position of counter fraud policies
RESOLVED/-

That the Internal Audit progress update and assurances and opinions for the first half of the year be noted.

AC 19/07 GMCA AUDIT STRATEGY MEMORANDUM

Consideration was given to the GMCA Audit Strategy Memorandum for the GMCA, as provided by Mazars, for the year ending 31 March, 2019. The document summarised the audit approach, highlight significant audit risks and areas of key judgements and provided Members with details of the audit team. The document also summarised considerations and conclusions on independence as auditors. A representative of Mazars highlighted some of the key aspects within the report.

It was noted that going forward there would be benefits as Mazars had allocated the same audit partner for the GMCA, TfGM and GMP audits.

RESOLVED/-

That the GMCA Audit Strategy Memorandum Year ending 31 Mach, 2019 be noted.

AC 19/08 GMCA AUDIT PROGRESS REPORT

Consideration was given to the GMCA Audit Progress report, submitted by Mazars, which provided Members with an update on progress in delivering the auditors responsibilities as external auditors. A representative of Mazars highlighted some key headlines within the report including the work that was happening around social value across GM.

RESOLVED/-

That the GMCA Audit Progress report in respect of the 2018/19 audit year be noted.

AC 19/09 AUDIT RECOMMENDATIONS MONITORING

A report was submitted that advised the Committee of the progress to date in implementing the agreed actions from internal and external audit assignments and to provide assurance that a robust process was in place for follow up of recommendations. The Committee received details of the audits completed to date and information on those audits overdue.

The Committee received an update on some of the key headlines of the Action Tracker Outstanding Actions. In respect of Information Security, the Chair expressed concern about the outstanding actions and the fact that there were significant risks and outstanding actions and resources and said that he would like to see significant
progress against the risks by the time of the next meeting in April. He added that consideration should be given to extending an invitation to the relevant officer should there be no progress and actions remained outstanding and there was no progress in terms of recruitment of the Information Security Officer.

RESOLVED/-

That the report be noted.

AC 19/10 GMWDA FINANCIAL ACCOUNTS

Consideration was given to a paper from the GMCA Treasurer, which provided Members with an update on the progress being made to conclude the audit of Greater Manchester Waste Disposal Authority’s Statement of Accounts 2017/18.

RESOLVED/-

1. That the report be noted and that the approach being adopted by the GMCA Treasurer to producing single entity only accounts be endorsed.

AC 19/11 GMWDA AUDIT PROGRESS REPORT

Consideration was given to a paper from Grant Thornton which provided the Committee with an update on progress being made with delivering their responsibilities as the former GMWDA’s external auditors.

The Committee received a verbal update from Grant Thornton, Auditors for the former GMWDA in respect of potential modifications or qualifications of the 2017/18 external audit opinion. There followed a general discussion on various matters and it was noted that going forward officers of the GMCA and Grant Thornton would continue to work on reaching a final agreement on the accounting treatment and would provide an update to the next meeting of the Committee.

The Chair added that in respect of value for money, the goal for auditing and reporting was to ensure improvements going forward. He added that he was minded to look at the views of Grant Thornton on what could have been done better as well as the amount of work that went into the process. The Treasurer added going forward the key was to move towards agreed single entity accounts. In respect of value for money he further added that the termination of the PFI was designed to deliver savings between £40m -£50m per annum for the benefit of the GM districts.

It was noted that the intention was to resolve the matter before the next meeting of the Audit Committee in April. Given the scale of the changes to the accounts, there may need to be an extraordinary meeting of the committee to take place prior to its next meeting in April.

RESOLVED/-

1. That the report be noted.
AC 19/12  FUTURE MEETING DATES 2019

Note - Training sessions to commence at 1.00pm

Tuesday 16 April 2019 at 2.00 pm
Tuesday 18 June 2019 at 2.00 pm
Tuesday 30 July 2019 at 2.00 pm

AC 19/13  TREASURY MANAGEMENT STRATEGY 2018/19

Consideration was given to a paper from the GMCA Treasurer, which set out the proposed Treasury Management Strategy Statement, Borrowing Limits and Prudential Indicators for 2019/20 to 2021/22 for the GMCA. The Strategy set out the Borrowing Limits and Prudential Indicators for the GMCA and reflected the planned 2019/20 capital programmes for GMCA transport, economic development, Fire, Police and Waste.

The GMCA Treasurer reported that an updated report would be presented to the CA meeting in February, incorporating a simplified MRP strategy.

RESOLVED /-

1. That the GMCA be recommended to approve the proposed Treasury Management Strategy Statement to apply from the 1st April 2019, in particular:
   - The Treasury Indicators listed in Appendix A.
   - The MRP Strategy outlined in Appendix B.
   - The Treasury Management Policy Statement at Appendix C.
   - The Treasury Management Scheme of Delegation at Appendix D.
   - The Borrowing Requirements listed in Section 5.
   - The Borrowing Strategy outlined in Section 8.
   - The Annual Investment Strategy detailed in Section 9.

2. That the GMCA be recommended delegation is given to the Treasurer, in conjunction with the Monitoring Officer, to finalise the EIB loan agreement and enter into the contract as detailed in the report.

AC 19/14  EXCLUSION OF PRESS AND PUBLIC

RESOLVED /-

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 involves the likely disclosure of exempt information, as set out in paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972 and that the
public interest in maintaining the exemption outweighs the public interest in disclosing the information.

GMCA 19/15    TREASURY MANAGEMENT STRATEGY 2018/19

CLERK’S NOTE: This item was considered in support of the Part A report 'Treasury Management Strategy 2018/19 (Minute 19/13 refers).