MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE
HELD ON TUESDAY 16 APRIL 2019 AT MANCHESTER TOWN HALL

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

ALSO PRESENT:
Gareth Davies Mazars External Auditor (2018/19)
Mark Kirkham Mazars External Auditor (2018/19)

OFFICERS:
Richard Paver GMCA Treasurer
Tom Powell GMCA Internal Audit
Damian Jarvis GMCA Internal Audit
Andrea Heffernan GMCA Finance
Paul Harris GMCA Governance and Scrutiny

AC 19/23 APOLOGIES
There were no apologies for absence.

AC 19/24 URGENT BUSINESS
There were no items of urgent business reported.

AC 19/25 DECLARATIONS OF INTEREST
There were no declarations of interest made at the meeting.

AC 19/26 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON WEDNESDAY 16 JANUARY 2019

The minutes of the meeting of the GMCA Audit Committee held on Wednesday 16 January 2019 were submitted.

RESOLVED/-

That the minutes of the meeting of the GMCA Audit Committee held on Wednesday 16 January 2019, be approved as a correct record.

AC 19/27 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON THURSDAY 21 MARCH 2019

The minutes of the meeting of the GMCA Audit Committee held on Thursday 21 March 2019 were submitted for approval.

Members noted that Grant Thornton had now concluded the audit for the Greater Manchester Waste Disposal Authority.

With regard to the GMCA Treasury Management Strategy, (Minute Ref AC19/21 refers) Members noted that had been approved by GMCA. Members also noted that the Protos Finance Limited loan had also been approved by GMCA.

RESOLVED/-

That the minutes of the meeting of the GMCA Audit Committee held on Thursday 21 March 2019, be approved as a correct record.

AC 19/28 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 12 DECEMBER 2018

The minutes of the meeting of the GMCA/GMP Joint Audit Panel were submitted for information.

The potential for members of the GMCA Audit Committee to meet with members of the GMCA & GMP Joint Audit Panel was suggested.

Following an enquiry from a Member, the GM Treasurer clarified that the responsibility for the GMCA/GMP Joint Audit ultimately lay with the Chief Constable and GM Mayor. He added that the GMP Audit Panel had responsibility for the monitoring of police fund matters.

RESOLVED/-
That the minutes of the meeting of the GMCA/GMP Joint Audit Panel held on 12 December 2018, be noted.

**AC 19/29 CORPORATE RISK REGISTER**

Richard Paver, GMCA Treasurer, introduced a report that provided Members with an update on the corporate risk register (CRR) for April 2019 and was set out at Appendix A to the report.

Members noted that the latest quarterly update of the CRR listed 18 risks recorded in the register, which was a reduction from the 22 corporate risks as reported in January 2019. It was also noted that the risks are captured under the agreed thematic risk headings and that any movement in the risk status is provided alongside key actions, assurances and associated timelines.

The CRR was reviewed the Governance and Risk Group and a subsequent review by SMT recommended the following key changes be made to the CRR:-

That the number of high risks reduced from eight to five:

- R1 Brexit risk status remains high to reflect the continued uncertainty and impact of a potential ‘No Deal’ Brexit. This risk is being monitored separately as part of the GMCA and GM Brexit Readiness Group with weekly reporting to MHCLG in place.
- R6 Staffing Capacity risk was reduced from high to medium due to the extent of ongoing activity around the Service Improvement Programme (SIP) and the Fire and Rescue Service Programme for Change.
- R9 Capital Programme and R19 Programme Governance were merged into a single risk which remained high overall to reflect the reputational risk of delays or a failure to deliver a number of high profile capital infrastructure schemes. There are proposals to strengthen governance arrangements in these areas across GMCA and TfGM this year.
- R11 Behaviours and Culture risk was reduced from high to medium to reflect that the immediate risk stemmed from transition in April 2017 and there had been a significant ‘bedding in’ period since then. Review of organisational culture remains a part of the Fire and Rescue Service Programme for Change.
- R12 Information Security risk remained high pending the completion of planned actions.
- R13 Information Governance was reduced from high to medium as a result of the progress made in completion of planned actions.
- The R14 Procurement, Commissioning and Contract Management risk remained high across the three elements and reflected difficulties over the management and complexity of a number of grant funding streams and deliverables across the organisation. The SIP Contracts and Procurement review is now underway.
- R22 Housing Package was still deemed high risk, with the package increasingly unlikely to progress and alternative arrangements being discussed with Homes England.
• There were three risks recommended for removal from the register R4 Statutory Duties; R7 Organisational Design and Functions; and R20 Smart Ticketing.

• There were no new risks added to the register during this quarter.

With regard to the Risk Continuum Risk Scoring Guidelines, as set out at Appendix B to the report, a Member commented that it would be helpful if the score and impact information for scores 2 and 4 to be included in future reports.

The Chair suggested that in light of the upcoming changes to the GMCA Internal Audit personnel, a separate discussion on transitional arrangements would be helpful.

RESOLVED/-

1) That the update on the GMCA Corporate Risk Register, be noted.
2) That a further update was to be considered at the June meeting of the Committee.

AC 19/30 INTERIM ANNUAL ASSURANCE OPINION AND OUTTURN REPORT

Consideration was given to a report of the GMCA Treasurer and Head of Audit and Risk Management which provided the Head of Internal Audit and Risk Management’s overall assurance opinion on the adequacy and effectiveness of GMCA’s internal control arrangements for 2018/19. Members noted that the report complied the Public Sector Internal Audit Standard 2450, highlighting any matters that are of concern or that require further consideration or additional assurance activity. The report also included the outturn position for audit work undertaken during 2018/19 to 31 March 2019, including the assurance opinions given and summary of conclusions.

The Chair noted that the assurance opinion last year was “Moderate” and that the same “Moderate” rating had been given for 2018/19. In response, officers noted that the previous year opinion was given due to the embryonic nature of the GM Combined Authority and that the “Moderate” opinion for 2018/19 was in response to the ongoing service reviews within the organisation.

Following a comment from a Member relating to service reviews and how this may influence the delivery of a number of significant projects being undertaken, officers noted that projects were on track and that work was continuing in relation to procurement and bus reform matters and that progress had been made on both system and accounting processes.

RESOLVED/-

That the Internal Audit Annual Opinion Report and comments raised be noted.

AC 19/31 AUDIT RECOMMENDATIONS MONITORING

The GMCA Treasurer introduced a report 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 the recommendations.

A copy of the Action Tracker was attached to the report which provided and update on outstanding actions at Appendix A and those actions completed at Appendix B.

Following an enquiry from a Member, officers noted that a robust policy was being put in place in relation to purchase card usage and that alternative business account processes were being explored.

**RESOLVED /-**

That the Audit Recommendations Monitoring update and action tracker, be noted as set out in the report.

**AC 19/32 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT**

A report was presented by the GMCA Treasurer, which reminded Members that the GMCA conducts an annual review of the effectiveness of its system of internal audit as part of its governance assurance processes. Members noted that this process is designed to provide assurance to the GMCA Treasurer and Audit Committee in particular, over the system of internal audit including the role, function and performance of the internal audit service. The report also set out the key findings and actions proposed to further develop the effectiveness of internal audit in 2019/20.

In response to an enquiry from a Member, in relation to the transition arrangements for the new GMCA/TfGM Head of Audit Assurance, officers noted that HR support and induction processes were in place. It was also noted that counter fraud responsibilities will sit across this role.

**RESOLVED/-**

That the level of assurance provided by the review of effectiveness and management actions address resourcing risks in 2019/20, as set out in the report, be noted.

**AC 19/33 EMERGENT INTERNAL AUDIT PLAN 2019/20**

The GM Treasurer and the Head of Audit and Risk Management introduced a report which informed Members of the development of an indicative Internal Audit Annual Plan for the GMCA to facilitate Member input to the planning process by reporting on the approach, key characteristics and proposed audits. Members were also reminded that the Public Sector Internal Audit Standards (PSIAS) include the development of the Annual Plan which should:-

- Outline the audit areas for focus in the year;
- Set out respective priorities and estimated resource requirements;
- Differentiate between audit and other work.

The indicative areas proposed for the Audit Plan 2019/20 was appended to the report.
RESOLVED/-

That the Emergent Internal Audit Annual Plan 2019/2020, be noted.

AC 19/34 GMCA 2018/19 ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

Consideration was given to a report, which provided an update on the proposed Accounting Policies and the Critical accounting Judgements for the 2018/19 GMCA Statement of Accounts.

RESOLVED/-

That the proposed accounting policies and critical accounting judgements, set out in the report be noted and that it be noted that the committee is to consider the approval of such within the 2018/19 GMCA Statement of Accounts, when they are presented for full approval in at the Audit Committee meeting in July 2019.

AC 19/35 AUDIT PROGRESS REPORT

Gareth Davies, Mazzars, External Auditor, presented an update on the progress of the GMCA Audit, which provided Members with an update on progress in delivering the auditors responsibilities as external auditors. The report highlighted key headlines 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 19/36 DATES OF FUTURE MEETINGS

Members noted the dates and times of future meetings:

- Tuesday 18 June 2019 at 2.00 pm
- Tuesday 30 July 2019 at 2.00 pm

It was noted that the appointment of Members to the Committee were to be made at the GMCA meeting on 31 May 2019.

RESOLVED/-

That the programme of meetings be noted.