

**Minutes of the meeting of the GMCA Audit Committee, held on Wednesday 22<sup>nd</sup> January 2025, at The Mechanics' Institute, 103 Princess Street, Manchester. M1 6DD**

**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 Group Chief Finance Officer
Sarah Horseman	GMCA Deputy Director, Audit and Assurance
Damian Jarvis	Internal Audit, GMCA
Paul Chase	Internal Audit, GMCA
Phil Swan	Digital Director, GMCA
Mark Scoales	Head of Digital, GMCA
Ashley Southern	Senior Systems and Intelligence Manager, GMCA
Paul Harris	GMCA Senior Governance and Scrutiny Officer

**In attendance: -**

Karen Murray	Forvis Mazars, External Auditor.
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**AC42/24/25            Apologies for Absence**

Apologies for absence were received and noted from Councillor Andrew Simcock (Manchester), Councillor Emily Mort (Bolton) (sub), Councillor Jack Youd (Salford) (sub) and Caroline Simpson Group CEO.

## **AC43/24/25 Chair's Announcements and Urgent Business**

### **A. Unaudited Statement of Accounts 2023-2024**

The Chair explained that he had agreed to the consideration of the unaudited Group Annual Statement of accounts 2023/2024 as urgent business, to allow members an opportunity to review the latest version of accounts ahead of the statutory publication deadline of 28<sup>th</sup> February 2025; and to consider a request to delegate authority to the GMCA Group Chief Finance Officer, in consultation with the GMCA Audit Committee Chair, the publication of the final unaudited accounts.

The Annual Governance Statement, as approved at the meeting of the Audit Committee on 22<sup>nd</sup> October 2024, was also resubmitted.

It was suggested that the discussion on the accounts takes place as part of the External Audit update at Item 12.

### **B. Audit Independent Member Recruitment Process.**

The Group Chief Finance Officer provided an update on the recruitment process for the recruitment of independent members of the GMCA Audit Committee and the Joint Audit Panel (Police and Crime).

Members asked that this process be undertaken as a matter of urgency.

## **AC44/24/25 Declarations of Interest**

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

### **AC45/24/25 Minutes of the Previous Audit Committee Meeting**

The minutes of the meeting of the Audit Committee held on Wednesday 22nd October 2024 were submitted. An action log was also appended to the minutes.

#### **Resolved/-**

That the minutes of the previous meeting of the committee, held on Wednesday 22<sup>nd</sup> October 2024, be approved as a correct record and the action log be noted.

### **AC46/24/25 Joint Audit Panel Update**

The GMCA Group CFO provided an update on the work of the Joint Audit Panel since the last meeting of the Committee, which set out the key issues considered by the Panel.

Following a comment from a Member in respect of Joint Audit Panel member attendance, officers confirmed that the meeting was quorate.

In response to a comment from a Member it was noted that the minutes from the Joint Audit Panel meeting in December will be shared for the information of Audit Committee, once finalised.

#### **Resolved:-**

1. That the update from the Joint Audit Panel be noted.
2. That the minutes of the Joint Audit Panel meeting from December 2024 be shared with Audit Committee members for information.

## **AC47/24/25 Risk Management Update**

The Deputy Director Audit and Assurance, GMCA introduced a report which informed Members of changes to the GMCA Strategic and Key Operational risks. The report also provided an update on the risk management activities undertaken since the last meeting of the Committee.

Following an enquiry from a Member officers explained that the Risk Register included a specific risk heading in respect of confidence of GMP that would capture any matters associated to any child sexual exploitation inquiry. Members noted that the GMCA Safe and Secure Communities Directorate continues to review and update directorate risk profiles. Members noted that the mitigation of actions can only be included with those risked that are owned by GMCA. A Member suggested that high-level overarching assurance from the Joint Audit Panel be sought in relation to activity taking place in relation to this matter.

A Member highlighted the risk “Failure to respond effectively to local/nation emergencies” which also had the potential for to impact a number of GMCA services and activities. In response, it was noted that the Corporate Risk Manager continues to work with the GM Resilience Hub to have confidence that there are continuity planning measures in place. In addition, consideration of emergency planning preparedness of those public services that are outside of local government control needed to be understood. It was suggested that Local Resilience be considered as a deep-dive topic at a future meeting of the committee.

In respect of the retention of the bus fare cap, a Member asked what the risk to the GM budget planning process this may have. In response, it was noted that the fare cap was to remain in place until December 2025 then will be reviewed as part of the wider review of GM fares and ticketing. The Budget implications of the fare cap were to be considered at the upcoming GMCA Budget meeting in February 2025.

A Member highlighted the deferment of the Public Service Telephone Network (PSTN) change over to 2027. In response, it was noted that this activity had been

deferred to 2027 due to concerns of the potential impact the change may have to vulnerable individuals that are reliant on Telecare services. A revised approach and action plan on PSTN is awaited from Government.

In welcoming the report, a member suggested that the report would be enhanced in future with the inclusion of brief commentary on the actions and mitigations that were to be included as part of Directorate risks.

Clarity on risk appetite in relation to risks was highlighted. In response, officers were to explore risk appetite with GMCA Directorate risk owners over the upcoming months.

A Member asked how robust the risk assessment of GMCA partners is. In response, officers explained the contract management risk arrangements with third-party contractors. It was noted that partnership working is different to contract management arrangements and consideration of which bodies the GMCA engages as partners was suggested.

#### **Resolved/-**

1. That the Risk Management update, as set out in the report, be noted.
2. It was suggested that Local Resilience be considered as a deep-dive topic at a future, appropriate meeting of the Committee.
3. That the Committee seeks from the Joint Audit Panel high-level overarching assurance regarding activity taking place in relation Child Sexual Exploitation.
4. This is be noted that in response to a suggestion from a Member, the report would be enhanced in future with the inclusion of brief commentary on the actions and mitigations that were to be included as part of Directorate risks.

**AC48/24/25                      Risk Deep Dive - Integrated Settlement Update and GMCA Assurance Framework**

**A            Risk Deep Dive – Integrated Settlement Update.**

The GMCA Group CFO introduced a presentation which will provided an update on the Integrated Settlement. The presentation gave an overview of the Integrated Settlement, the Flexibilities and Opportunities, Funds in Scope, Quantum and Formulae, Impact on GMCA, Single Assurance Framework and Implications for GMCA Audit Committee.

In response to an enquiry from a Member, it was noted that the existing GMCA formal decision making process will not change under the Integrated Settlement arrangements. The need to develop evidence bases to support the decision-making process was highlighted.

A Member sought clarification on the leadership, behaviour and culture changes that may be required to accommodate the potential opportunities to maximise greater funding flexibility. In response, it was noted that this change will be part of the Readiness Check process. The presentation highlighted that the new GMCA Group structure demonstrated the cultural approach to develop relationships and behaviour.

Following an enquiry from a Member in respect of how potential funding flexibility will be treated, officers explained that any flexibility of funding between capital and revenue would require a business case to do so. A Readiness Check process was being conducted Deloitte to ensure the right processes are in place.

### **Resolved/-**

That the presentation on the Integrated Settlement be received with thanks and noted.

### **B Draft GMCA Assurance Framework**

The Deputy Director of Audit and Assurance, GMCA introduced a report which presented the draft GMCA Group Assurance Framework to Members for their review and comment. The report also explained why the Assurance Framework is

needed and what the Audit Committee's role in relation to the Assurance Framework will be once GMCA is in receipt of the Integrated Settlement from 2025/26 onwards.

Following an enquiry from a Member, officers explained the role and function of the TfGM Audit, Risk and Assurance Committee (ARAC). It was noted that as part of the Governance review, the relationship of ARAC, will be considered. In addition, Members noted that the composition of ARAC included TfGM Executive members. The Chair of ARAC is an Independent Member of the Executive Board. It was suggested that the Annual Report of ARAC be brought to a future meeting of this Committee for information.

In respect of the Governance Review, officers sought to clarify with the GMCA Monitoring Officer if the input of the Audit Committee Chair is needed in this process.

In response to an enquiry from a Member regarding NHS governance arrangements, officers clarified the role of the GM Integrated Care Partnership Board and that of the Integrated Care Board. In addition, officers undertook to review the wording in relation accountability to the paragraphs associated to the arrangements in respect of NHS and GMP in the draft Framework document.

A Member highlighted the responsibility of Management to apply the Assurance Framework and not of the Internal Audit team and asked if that this responsibility was understood within the Authority. Committee Members endorsed this approach.

Following a comment from a Member on the ability to manage cultural and behavioural change in the organisation, it was suggested that assurance around the capability to programme manage the delivery framework be considered at a future meeting of the Committee.

In response to an enquiry from a Member, officers explained that the Integrated Settlement outcomes required further discussion with Government and that the Risk

Assurance Framework will seek to articulate the risks of non-delivery and how to prevent such an occurrence taking place.

A Member asked if there would be standardisation of business case templates. In response, it was noted that a suite of templates will be developed for consistency to show adherence to the Assurance Framework but each will need to be adapted for specific business cases.

A Member highlighted that the Assurance Framework will shape the work of the Committee and deep-dive focus. In addition, accounting and reporting arrangements needed to be understood as part of the work planning process.

**Resolved/-**

1. That the draft Assurance framework and the Audit Committee's role from 2025/26 onwards in relation to the Framework, as set out in the report, be noted.
2. That the approach of the Assurance Framework being the responsibility of Management to apply the Assurance Framework be supported by the Committee.
3. That assurance around the capability to programme manage the delivery framework be considered at a future meeting of the Committee.

**AC49/24/25 Internal Audit Progress Report**

The Deputy Director Audit and Assurance, GMCA introduced a report on Internal Audit Progress and Audit Action Tracking. The report informed Members of the Audit Committee of the progress made on the delivery of the Internal Audit Plan for 2024/25.

Members also noted that the report is also used as a mechanism to seek approval of changes to the internal audit plan.

It was noted that since the last meeting of the Committee, three reports have been finalised and published, with three further reports at the draft reporting stage.

The finalised audits in respect of Leavers' Compliance, ICT/Digital Asset Management and ICT/Digital Supplier Management were summarised in the report.

In response to a comment from a Member, officers confirmed that the Principal Auditor position was a twelve-month fixed term contract.

A Member welcomed the 92% action completion rate reported and suggested that this demonstrated the value of the work of the Internal Audit team across the organisation. Concern was raised that the capacity of the team may be stretched over the upcoming months due to the requirements of the Integrated Settlement planning and implementation. In response, it was noted the Internal Audit capacity arrangements were under review and that discussions were taking place with Government in respect of the administrative funding to support the new responsibilities associated with the Integrated Settlement.

In response to comment from a Member suggesting that the ICT Audit actions will reduce the current 92% action completion rate, officers explained that it was not anticipated that the quantum of these action will impact on current performance.

Following a comment from a Member in respect of whether there was in place a detailed framework of the responsibilities of GMCA Directors. In response it was noted that the respective role profiles provide an understand of Director's responsibilities.

**Resolved/-**

1. That the Internal Audit progress, as set out in the report be noted.
2. That the changes to the Audit Plan, as set out at appendix c to the report be approved.

**AC50/24/25 GMCA IT Asset Audit and Leavers Audit**

The Director of Digital introduced a report which seeks to provide the Audit Committee with progress against audits on the effectiveness of the Leavers' process and IT asset management controls within GMCA.

It was noted that the audits were conducted to evaluate the current controls over the management of computer hardware and software assets, identify any gaps or weaknesses, and recommend improvements. It was also noted that the review is crucial for ensuring that IT assets are managed securely and efficiently, mitigating risks related to cyber security, data loss, and asset mismanagement, and ultimately supporting the organisation's operational integrity and compliance with relevant standards.

The update explained the action plan and progress being made to address to actions identified by the audits. This has included the recruitment of additional resources to help manage assets.

It was noted that repeat testing of the audit actions will take place to identify what progress has been made. An off-boarding process guide in respect of leavers has been developed.

Following a comment from a Member, it was noted that a remediation plan has been developed and that validation work was to take place by Internal Audit. In addition, target dates were to be reviewed and that the IT External Auditor will be undertaking additional work.

In response to an enquiry, officers explained that some service improvements were needed to enable the automation of the asset and leaver process.

**Resolved/-**

1. That the reports be noted and that a further update be provided to the next meeting of the Committee.
2. That officers be thanked for their attendance and update on progress.

The GMCA Group CFO introduced a report which provided Members with the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2024/25. Members were reminded that the report had been written in accordance with the requirements of Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

The following activities were covered within the report:

- An economic update for the first half of the 2024/25 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Authority's investment portfolio for 2024/25;
- A review of the Authority's borrowing strategy for 2024/25;
- A review of any debt rescheduling undertaken during 2024/25;
- A review of compliance with Treasury and Prudential Limits for 2024/25.

A Member highlighted that the report provided the assurance required, however the report covered the period up to September 2024. In response it was noted that the timing of the meetings can be reflected in future reports to the Committee.

### **Resolved/-**

1. That the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review 2024/25 and treasury activity, as set out in the report be noted; and
2. That members agreed that the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2024/25, as set out in the report be recommend its approval to the full Authority.

## **AC52/24/25 External Auditor Report**

The External Auditor introduced a report which set out the GMCA Audit Strategy and Completion Report. The update informed members that the 2023/2024 Audit would not be undertaken as it was not going to be possible to complete the audit by the 28<sup>th</sup> February 2025 backstop date and for this reason, a disclaimer opinion is to be issued.

Members noted that a similar backstop had been put in place for the 2024/25 audit process.

Members also noted that this was an unsatisfactory position and was the result of an arbitrary deadline being imposed.

Members were asked to consider the 2023/24 unaudited accounts and to note the changes outlined in the report. The report also asked to delegate authority to the Chief Finance Officer, in consultation with the Chair of the Audit Committee to action any changes to the unaudited accounts. The Annual Governance Statement, as approved at the Committee on 22 October 2024 was also re-submitted.

A Member highlighted that the External Auditor needed to provide a Value for Money Statement. In response, it was noted that a draft Value for Money statement will be shared with Members in the upcoming week.

In terms of the audit for 2024/2025, a Member raised concerns that there may be a similar problem next year. In response the External Auditor explained the sliding backstop arrangement with 24/25 accounts deadline of February 2026. It was also noted that changes to the Accounting Code to take place and a consultation process was underway. An update on this will be provided to the next meeting.

In addition to the Report, Members also considered the unaudited GMCA Group accounts 2024/2024.

This report provides a copy of the Greater Manchester Combined Authority (GMCA) final unaudited group statement of accounts for 2023/24.

**Resolved/-**

1. That the GMCA Audit Strategy and Completion report, be noted
2. That the final unaudited group statement of accounts for 2023/24 be approved and that delegated authority be granted to the GMCA Group CFO/Group Chief Finance Officer in consultation with the Audit Committee chair, the publication of the final unaudited accounts.
3. That the Annual Governance Statement, as approved at the Audit Committee on 22<sup>nd</sup> October 2024, be endorsed.
4. That an update on the Accounting Code consultation was to be provided to the next meeting.
5. That the Value for Money statement be shared with Committee Members.

### **AC53/24/25 Audit Committee Work Programme 2024 -2025**

Audit Committee members were asked consider and comment on the work programme of items that will provide a focus for the work of the Committee for the remainder of the 2024/25 municipal year.

It was noted that the Committee will look to programme the deep-dive topics identified at the previous meeting as part of a longer-term work programme at the meeting of the Committee in March 2025.

It was noted that a Budget training session for members have been arranged.

In respect of the Committee effectiveness work, it was suggested that a virtual workshop be arranged.

### **Resolved/-**

That the Audit Committee Work Programme for 2024/25 be noted and that a longer-term work programme be developed and be presented to the next meeting of the Committee.

## **AC54/24/25 Dates and Times of Future Meetings**

To note the future meeting dates for the Committee of Wednesday 19th March 2025, commencing at 10:00 am.