MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE HELD THURSDAY 27 JULY 2017 AT CHURCHGATE HOUSE

PRESENT
Councillor Pam Stewart (Chair) Wigan Council
Councillor Chris Boyes Trafford Council
Gwyn Griffiths Independent Member
Councillor Sarah Russell Manchester City Council
Catherine Scivier Independent Member

ALSO IN ATTENDANCE
Councillor Kieran Quinn GMCA portfolio holder for Finance and Investment
Mark Heap Grant Thornton
Gareth Mills Grant Thornton

OFFICERS
Tony Clarke Wigan Council (GM Fire Authority)
Susan Ford GMCA Governance and Scrutiny
Amanda Fox GMCA Finance
Andrew Green Wigan Council (GM Fire Authority)
Andrea Heffernan GMCA Finance (GM Fire Authority)
Damien Jarvis GMCA Internal Audit
Richard Paver GMCA Treasurer
Tom Powell GMCA Internal Audit
Jayne Stephenson GMCA Finance (Police and Crime Commissioner)
Nicola Ward GMCA Governance and Scrutiny

AC 17/01 APOLOGIES
Apologies were received by Councillor Colin McLaren (Oldham Council).
AC 17/02  APPOINTMENT OF CHAIR

Resolved /-

Councillor Pam Stewart was appointed as Chair for the first meeting of the GMCA Audit Committee and the committee would discuss the appointment for the remainder of the year at the next meeting.

AC 17/03  APPOINTMENT OF VICE CHAIR

Resolved /-

The GMCA Audit Committee would discuss the appointment of a Vice Chair at the next meeting.

AC 17/04  MEMBERSHIP FOR 2017/18

Resolved /-

To note the membership of the GMCA Audit Committee for 2017/18 as

<table>
<thead>
<tr>
<th>Members</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gwyn Griffiths</td>
<td>Independent Member</td>
</tr>
<tr>
<td>Catherine Scivier</td>
<td>Independent Member</td>
</tr>
<tr>
<td>Councillor Chris Boyes</td>
<td>Trafford Council</td>
</tr>
<tr>
<td>Councillor Colin McLaren</td>
<td>Oldham Council</td>
</tr>
<tr>
<td>Councillor Sarah Russell</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>Councillor Pam Stewart</td>
<td>Wigan Council</td>
</tr>
</tbody>
</table>

AC 17/07  DECLARATIONS OF INTEREST

There were no declarations of interest from any member in relation to an item on the agenda.

AC 17/08  TERMS OF REFERENCE
Susan Ford, GMCA Scrutiny Officer informed the committee that the Terms of Reference had been updated in line with the new financial arrangements of the GMCA and were included in the agenda for members’ information.

Members suggested that the TOR should make reference to requiring members of the GMCA and Officers to attend Audit Committee meetings if requested.

It was further suggested that there should be an amendment to paragraph 6.3 to change the term ‘approve’ to ‘review’ the risk-based internal audit plan as this reflects the wording of other areas of the document.

Resolved /-

1. To note the Terms of Reference.
2. That reference to requires attendance of members and officers of the GMCA at meetings should be made within the document.
3. That section 6.3 be amended to reflect wording across the document.

AC 17/09  REVISED CODE OF CORPORATE GOVERNANCE

Susan Ford, GMCA Scrutiny Officer introduced the revised Code of Corporate Governance and reminded members that this was an organic document which would be updated as the GMCA adapts and amendments are made to the Constitution.

Resolved /-

To note the revised Code of Corporate Governance

AC 17/10  MINUTES OF THE GMCA AUDIT MEETING HELD 19 APRIL 2017

The minutes of the meeting of the GMCA Audit Committee held 19 April 2017 were submitted for consideration.

The Chair asked whether the composition of Audit members had been confirmed. It was reported that the GMCA have confirmed the new composition of the committee has six members, 2 Independent Members and 4 Elected Members from across GM.

The Chair further asked whether there had been any progress in relation to treasury management. The Treasurer confirmed that the powers for borrowing for PCC and Fire functions had been transferred but that discussions with Government regarding any potential further borrowing had been halted during the election process and were currently being progressed again.

Officers confirmed that the letter of thanks had been sent to Stephen Downs (Previous Independent Member) and that the audit enquiry letters were drafted and the Chair would be asked to sign them in advance of the accounts being signed off.
Resolved /-
To approve the minutes of the GMCA Audit Committee meeting held 19 April 2017.

AC 17/11  RISK MANAGEMENT UPDATE REPORT

Tom Powell, Head of Internal Audit introduced a report detailing proposals to develop the GMCA risk management framework in 2017/18 with the new functions of the Combined Authority. This report was designed to give assurance to members that risks were being managed across the organisation through a clear framework.

Members highlighted that there may be some slippage in relation to monies designed for working well. The Treasurer confirmed that GM were progressing the working well pilot and were currently working with the Department of Work and Pensions regarding the tender of a new programme. However, the potential risk would be raised on members’ behalf with the Working Well Joint Management Board.

Members asked for clarity as to the range from which a risk is deemed ‘high’. It was confirmed that over 16 on the scale was deemed as high and that items at the top of the medium scale were of concern as they may slip over it their likelihood increases.

Resolved /-

1. To note the report.
2. That a further update report on progress be brought to the next meeting of the GMCA Audit Committee.

AC 17/12  INTERNAL AUDIT ANNUAL PLAN 2017/18

Tom Powell, Head of Internal Audit introduced a report which detailed a risk-based plan of Internal Audit activity to support an annual opinion on the effectiveness of the Authority’s systems of governance, risk management and internal control. He commented that the transition status of the GMCA was reflected in the plan that would be updated as the new powers were devolved.

The report gave assurance to members that although some of the internal audit plans were reported within other organisations, that the GMCA Internal Audit Plan would manage the risks across the plans and explain how the checks and balances would be monitored going forward.

Members of the committee asked that future audit reports focus on the ongoing monitoring of recommendations to ensure that these are not forgotten and that they also highlight the path of a report to identify where it has previously been reviewed and any outcomes of that scrutiny. Officers agreed that this would be a useful way forward as
this practice was currently undertaken by other Audit Committees, such as the PCC Audit Panel.

Resolved /-

1. To approve the Internal Audit Plan for 2017/18.
2. That future reports to the Audit Committee detail the progress of a report with outcomes of previous discussions, and a record of position against all previously agreed actions.
3. That the Governance and Scrutiny Team re-design the template in line with this recommendation and circulate to all reporting officers.

AC 17/13 INTERNAL AUDIT PROGRESS UPDATE REPORT

Tom Powell, Head of Internal Audit shared a report which provided members with a summary of planned Internal Audit assurance work to be undertaken during 2017/18. He reported positive assurance to date, but will refresh the reporting style for the next meeting in line with members’ earlier comments.

The Chair asked whether the allocated resourcing would allow work to be completed within the required timescale. Officers reported that there were three staff (and one vacancy) undertaking internal audit for the PCC, and that officers were looking at how internal audit relating to the Fire Service would be completed going forward.

A member of the committee asked whether the GMCA Risk Register had been updated, and it was reported that this document was currently under review with risk sessions planned within all service areas to grow further understanding of associated risks. Officers reported that the risk register was previously a standing item on the GMCA Audit agenda to ensure that it was regularly reviewed and that a revised version would be shared at the next meeting.

Officers were also asked where the critical findings of audit activity were currently reported. It was confirmed that this is usually in the narrative of the report, and that more detail was given in the overall opinion, however further details i.e. key findings would be included in future reports.

Resolved /-

1. To note the report.
2. That the Risk Register remains a standing item on the GMCA Audit agenda.
3. That Internal Audit officers consider how best to report critical findings of audit activity and ensure members are updated as to progress against these.

AC 17/14 ANTI-FRAUD AND CORRUPTION POLICIES
Tom Powell, Head of Internal Audit presented a report which detailed updated versions of the GMCA Whistleblowing and Anti-Money Laundering Policies.

Members suggested a few amendments as below;

a) Page 13 to read “the ensure transparency where any allegations are made in respect of internal audit, it will be appropriate that the Chair of Audit Committee, Treasurer and External Audit…

b) To add information about who to report a whistleblowing issue to in the ‘How to report it’ section.

c) Page 19 ‘Who is protected section’ to read “the following people maybe protected” and “a worker will be eligible for protection if (all these apply):”

d) To highlight the “they believe that their disclosure is in the public interest” to give it more significance in the ‘who is protected’ section.

e) To add “not in public interest” as a bullet to the ‘who is not protected?’ section on page 20.

Members of the committee further urged that these policies be shared with staff to ensure that they are fully briefed on the processes. Officers confirmed that there were plans for training and other work to improve fraud awareness across the organisation.

In addition to this, members also questioned whether the process was clear for external whistleblowing and how success against these policies would be measured. Officers confirmed that the performance indicators were still to be determined, however, the Standards Committee would also have an overseeing role in relation to the whistleblowing policy. Officers from Grant Thornton also confirmed that they will be would have an overview of this area too as part of the Annual Governance Statement review process.

There was some addition discussion regarding requests under the Freedom of Information Act, and members raised concern that the numbers of such requests would increase as the profile of the Mayor increased. Officers confirmed that there was expected growth in these areas.

Members queried as to when there may be risk of money laundering and whether the policy had the right angle in relation to the ‘customers’ of the GMCA. Officers agreed that this policy could be revisited and sharpened as the GMCA advances.

Resolved /-

That subject to the above amends, that the revised Whistleblowing and Anti-Money Laundering policies are noted.
Amanda Fox, GMCA Group Finance Lead introduced the draft set of GMCA accounts for 2016/17 and highlighted areas of specific interest to members. The Treasurer commented that the current reserves were high but that a large majority was to forward fund the capital programme, he also made members aware that the pensions liability would increase next year.

Officers further reported that the TfGM, New Economy and MIDAS accounts had been audited, and that GMATL accounts were in the process of being audited.

Members of the committee asked about the debtors to the GMCA, and were informed that the Regional Growth Fund is making loans to businesses so impairments against those risks are to be included in the debtors section of the accounts.

Resolved /-
To note the unaudited annual accounts 2016/17.

AC 17/16  GMCA DRAFT ANNUAL GOVERNANCE STATEMENT

Susan Ford, GMCA Scrutiny Officer introduced the draft Annual Governance Statement which reported on a transitional year as the GMCA formally came together. It detailed some challenges which had been addresses including the promotion of the GMCA as an organisation, bringing together staff groups and looked ahead at future challenges in relation to staff development.

Resolved /-
To note the GMCA Draft Annual Governance Statement

AC 17/17  POLICE AND CRIME COMMISSIONERS ANNUAL ACCOUNTS 2016/17

Jayne Stephenson, Director of Finance for Police and Crime highlighted some of the key points of the PCC Annual Accounts to members of the committee and reported that they had previously been reviewed by the Police Joint Audit Panel.

It was reported that the movement and reserves statement showed an increase in useable reserves but that this was predominantly for planned ICT investment.

Members of the committee commented that the pensions liability was a substantial figure but officers assured that the majority of which is underwritten by the Home Office and therefore the risk was not of concern.

Resolved /-
To note the draft PCC Annual Accounts for 2016/17.
AC 17/18  POLICE AND CRIME COMMISSIONERS DRAFT ANNUAL GOVERNANCE STATEMENT

Members suggested that future reports to the Audit Committee detail where a report has previously been cited, and the outcomes of these discussions.

Resolved /-

1. To note the Police and Crime Commissioners Draft Annual Governance Statement.
2. That future reports to the Audit Committee detail where a report has previously been cited and any outcomes of the discussions.

AC 17/19  GREATER MANCHESTER FIRE AND RESCUE AUTHORITY ANNUAL ACCOUNTS 2016/17

Andrea Heffernan, Director of Corporate Support introduced a report which detailed the unaudited statement of accounts for the Greater Manchester Fire and Rescue Authority. It was reported that the underspend had been transferred into reserves and that the capital programme would also include the vehicle replacement programme.

Members asked whether GMFRS had reviewed their ladder length in response to the recent events in Kensington. Officers confirmed that there were another two ladders on order to provide further resources in GM.

Resolved /-

To note the unaudited annual accounts for the GMFRA 2016/17.

AC 17/20  GREATER MANCHESTER FIRE AND RESCUE AUTHORTIY DRAFT ANNUAL GOVERNANCE STATEMENT

Andrea Heffernan, Director of Corporate Support introduced the draft annual governance statement and asked for members' approval before it is certified by the County Fire Officer and the Mayor.

Resolved /-

To note the GMFRA draft Annual Governance Statement.

AC 17/21  AGMA INFORMAL ANNUAL STATEMENT OF ACCOUNTS 2016/17

Resolved /-

To note the AGMA Annual Accounts for 2016/17.
AC 17/22  GRANT THORNTON EXTERNAL AUDIT UPDATE REPORT

Mark Heap, External Auditor at Grant Thornton introduced the external audit update report prepared by Grant Thornton. He reported that the audit of the GMFRS and PCC accounts were already underway and that Gareth Mills would be managing the GMCA External Audit for 2016/17.

Resolved /-
To note the external audit update report.

AC 17/23  FUTURE MEETING DATES

Members of the committee asked whether they could allocated substitutes to the committee as the quoracy was very tight. Officers offered to make some enquiries and report back to members at the next meeting.

Governance and Scrutiny officers to set the meeting dates for the remainder of 2017/18 and ensure this is circulated to members of the committee.

Resolved /-
The next meeting of the GMCA Audit Committee will be held on Wednesday 20 September.