

GMCA Audit Committee

Date: 23 July 2025

Subject: Audit Committee Effectiveness

Report of: Sarah Horseman, Interim Director Governance, Risk and Assurance

Purpose of Report

This report presents the results of the Audit Committee's self-assessment of its effectiveness and proposes an action plan to be taken forward to address any areas for improvement.

Recommendations:

The Audit Committee is requested to:

1. Note the content of the report
2. Consider the proposed actions

Contact Officers

Sarah Horseman, Interim Director of Governance, Risk and Assurance

Damian Jarvis, Head of Internal Audit

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences – Revenue

N/A

Financial Consequences – Capital

N/A

Number of attachments to the report: ?

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

Effective governance is essential to the success of Mayoral Combined Authorities (MCAs), which are responsible for delivering complex, high-value programmes across transport, housing, skills, and economic development. Within this governance structure, the audit committee plays a critical role in providing independent assurance on risk management, internal control, financial reporting, and governance arrangements. To ensure the committee continues to operate effectively and in line with best practice, the Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that public bodies, including MCAs, undertake regular reviews of audit committee effectiveness.

CIPFA's Position Statement on Audit Committees in Local Authorities and Police (2022) highlights the importance of annual effectiveness reviews. These reviews help assess whether the committee is fulfilling its remit, operating in accordance with its terms of reference, and contributing meaningfully to the authority's governance and assurance framework.

For MCAs, where accountability to both local communities and central government is paramount, these reviews are a valuable tool for identifying strengths, addressing areas for development, and ensuring the audit committee remains responsive to evolving risks and governance expectations. Regular effectiveness reviews ultimately support transparency, continuous improvement, and the delivery of well-governed, high-impact public services.

2. Process for Undertaking the 2024/25 Effectiveness review

Members of the Audit Committee in 2024/25 and officers who regularly attend the Committee were asked to complete a self-assessment survey.

The areas considered in the survey include:

- Knowledge and Skills
- Relationships
- Corporate Oversight and Reporting
- Oversight of Internal and External Audit
- Administration and Operational Arrangements

Six Audit Committee Members and two officers completed the survey

Section 3 of this report summarises the results of the self assessment survey and Section 4 proposes actions for future Committee development.

3. Summary of results

3.1. Knowledge and Skills

Members generally feel the Committee has a clear and well-understood role, with appropriate independence and a strong understanding of its responsibilities. Most respondents agreed that the Committee adds value to the organisation and is effective in supporting good governance. There was confidence in the clarity of the Committee's remit and its ability to challenge constructively.

One respondent indicated a limited understanding of their role and responsibilities, suggesting a need for clearer communication or training. Three respondents indicated they had an excellent understanding of the role.

While most agreed the induction was adequate, two respondents disagreed, and several comments noted that earlier induction was lacking and that whilst there has been recent improvement, but more structured and timely induction would be beneficial.

In relation to the skills of the Committee, all respondents were either satisfied or somewhat satisfied that collectively the skills mix of the committee is right to allow for the effective functioning of the committee. Seven out of the eight respondents indicated there was not over-reliance on any individual members, but one respondent indicated that there was. Areas where respondents would benefit from more knowledge were

- GMCA / GMFRS strategies and plans
- Internal control environment
- Governance and assurance processes
- Financial reporting and treasury management

3.2. Relationships

The responses to the question around communication with fellow Audit Committee members was mixed. Four out of the seven responses to this question indicated effective or somewhat effective but there were two responses that indicated this was somewhat ineffective. The overwhelming theme of related comments was in relation to providing the opportunity for the committee to meet informally to build relationships, (including with officers) through deep dives, training and discussion.

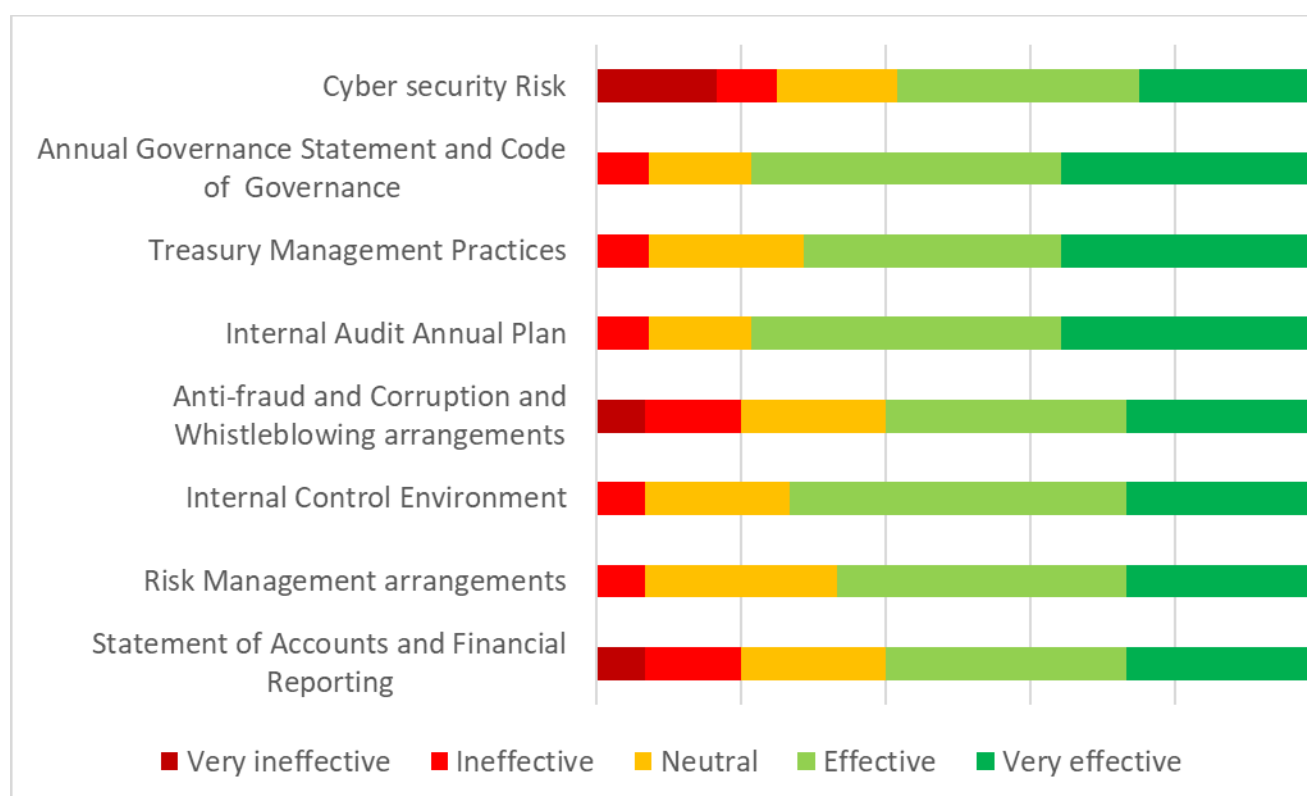
The questions relating to relationships with senior leaders was less positive . Only one respondent answered “Yes” to the question around whether there had been sufficient opportunities to engage with the GMCA Executive Team.

Similarly, the relationship with other committees (e.g., Joint Audit Panel, Overview and Scrutiny) was generally not seen as effective by any of the respondents.

3.3. Corporate Oversight and Reporting

This section asked respondents to rate how effective the committee was at overseeing a number of core areas on a scale of 1 to 5 with 1 being very ineffective (red) and 5 being very effective (green).

The results were as follows:



Most areas were rated 3 or 4 out of 5, and there was particular confidence in in core oversight functions, including

- Internal Audit Annual Plan
- Annual Governance Statement and Code of Governance
- Risk Management
- Internal Control Environment
- Treasury Management

Indicating that members generally feel the Committee is performing well in its core financial and audit responsibilities, suggesting strong foundational governance.

There were slightly lower ratings for: Cyber security Risk, Anti-fraud, Corruption, and Whistleblowing and Financial Statements. Typically these areas may be seen as less visible, more technical, or underdeveloped in terms of Committee oversight. This could indicate a need for more training or briefings, greater integration of these topics into the agenda and/or stronger collaboration with specialists.

3.4. Oversight of Internal and External Audit

Respondents were asked to answer Yes / No / Unsure to five key audit oversight questions:

- Understanding the remit of Internal and External Audit
- Audit functions being appropriately resourced
- Steps to ensure independence and objectivity
- Direct access to the Audit Chair and use of private meetings
- Understanding of audit scope and plans

With the exception of the question around the resourcing of the audit function, most respondents answered “Yes” to all five, indicating a strong understanding and confidence in the audit oversight framework.

71.4% of the responses to the question about audit resources answered “No”, with the other responses being an “Unsure”.

Most respondents were satisfied or somewhat satisfied that the internal and external audit plans are focused on the right audit risks but some of the supporting comments expressed concerns about emerging risks (e.g., digital transformation, cyber threats) not being fully addressed.

3.5. Administration and Operational arrangements

The results of this section indicated there need to be improvements in the administration of the Audit Committee meetings, specifically forward planning, agreeing and scheduling dates and reports being issued on time without the need for supplementary agendas.

All respondents viewed the Chair’s leadership positively and feel there is adequate time for discussion and follow-up. Communication between meetings is seen as effective, and the workplan is considered well-balanced. Some members expressed a desire for

more concise papers and better contextual framing of issues and GMCA activities and priorities to support more informed debate.

4. Proposed Actions

4.1. Action Plan

The table below shows some proposed actions to address any areas of development identified in this self assessment and to further develop and evolve the good work of the Audit Committee.

The Committee is requested to Consider the proposed actions.

Action	Responsibility	Target Date
1. Schedule formal Audit Committee meetings for the rest of the municipal year 2025/26	Governance Team	August 2025
2. Schedule informal meetings for the Committee for the rest of the municipal year 2025/26.	Governance Team	August 2025
3. Those informal meetings should include deep dive sessions on: <ul style="list-style-type: none"> • GMCA/GMFRS Strategies and Plans • Governance and Assurance processes • Internal Control Environment • Financial Reporting • Treasury Management • Cyber Security • Counter Fraud and Whistleblowing Or opportunities to learn more from/meet <ul style="list-style-type: none"> • Overview and Scrutiny Panel • Joint Audit Panel (Police & Crime) 	Relevant GMCA/GMFRS Officers – coordinated by Governance Team	Throughout 2025/26
4. Ensure new members receive appropriate induction training	Governance Team	By September 2025
5. Internal Audit to complete ongoing recruitment (2 new team members) and keep resourcing under review	Internal Audit	September 2025

