

GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE

DATE: Friday, 21st January, 2022

TIME: 10.30 am

VENUE: Boardroom, GMCA Offices, Tootal Buildings, 56 Oxford
Street, Manchester

AGENDA

- 1. Apologies**
- 2. Chairs Announcements and Urgent Business**
- 3. Declarations of Interest** 1 - 4
To receive declarations of interest in any item for discussion at the meeting. A blank form for declaring interests has been circulated with the agenda; please ensure that this is returned to the Governance & Scrutiny Officer at least 48 hours in advance of the meeting.
- 4. Minutes of the GMCA Audit Committee meeting - 30 November 2021** 5 - 10
To consider the approval of the minutes of the meeting held 30 November 2021.
- 5. Internal Audit Progress Report** 11 - 52
Report of Sarah Horseman, Head of Audit and Assurance, GMCA.
- 6. Audit Action Follow up** 53 - 66

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

Please note that this meeting will be livestreamed via www.greatermanchester-ca.gov.uk, please speak to a Governance Officer before the meeting should you not wish to consent to being included in this recording.

Report of Sarah Horseman, Head of Audit and Assurance, GMCA.

- 7. Planning for 2021/22 Audit Opinion** 67 - 72
Report of Eamonn Boylan, Chief Executive, GMCA.
- 8. Risk Management Update Report** 73 - 98
Report of Sarah Horseman, Head of Audit and Assurance, GMCA.
- 9. Treasury Management Strategy - to follow**
Report of Steve Wilson, GMCA Treasurer.
- 10. Capital Strategy - to follow**
Report of Steve Wilson, GMCA Treasurer.
- 11. GMCA Accounts Signed Opinion 2020/21** 99 - 102
Report of external auditors, Mazars.
- 12. External Audit 2020-21 Audit Completion Report Follow Up Letter** 103 - 104
Report of External Auditors, Mazars.
- 13. Options for appointment of external auditor from 2023/24** 105 - 112
Report of Steve Wilson, GMCA Treasurer.
- 14. GMFRS HMICFRS Inspection Outcomes and Actions**
Verbal update from Deputy Mayor for Police, Fire and Crime
Beverley Hughes and Dave Russel, Chief Fire Officer.
- The full inspection report can be found here - [Effectiveness, efficiency and people 2021/22 – Greater Manchester Fire and Rescue Service - HMICFRS \(justiceinspectors.gov.uk\)](https://www.justiceinspectors.gov.uk/effectiveness-efficiency-and-people-2021-22-greater-manchester-fire-and-rescue-service-hmicfrs)
- 15. GMCA Audit Committee Work Programme and action tracker** 113 - 124
- 16. Dates and Times of Future Meetings**
To note that the GMCA Audit Committee will next meet on 22 April 2022.

Name	Organisation	Political Party
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Grenville Page		
Susan Webster		
Councillor Colin McLaren	Oldham Council	Labour
Councillor Sarah Russell	Manchester City Council	Labour
Councillor Mary Whitby	Bury Council	Labour
Councillor Chris Boyes	Trafford Council	Conservative
Gwyn Griffiths		
Catherine Scivier		

For copies of papers and further information on this meeting please refer to the website www.greatermanchester-ca.gov.uk. Alternatively, contact the following

Governance & Scrutiny Officer: Governance & Scrutiny

✉ Nicola.ward@greatermanchester-ca.gov.uk

This agenda was issued on 13 January 2022 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

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Declaration of Councillors' Interests in Items Appearing on the Agenda

Name and Date of Committee.....>

Agenda Item Number	Type of Interest - PERSONAL AND NON PREJUDICIAL Reason for declaration of interest	NON PREJUDICIAL Reason for declaration of interest Type of Interest – PREJUDICIAL Reason for declaration of interest	Type of Interest – DISCLOSABLE PECUNIARY INTEREST Reason for declaration of interest
Page 1			

Please see overleaf for a quick guide to declaring interests at GMCA meetings.

Quick Guide to Declaring Interests at GMCA Meetings

Please Note: should you have a personal interest that is prejudicial in an item on the agenda, you should leave the meeting for the duration of the discussion and the voting thereon.

This is a summary of the rules around declaring interests at meetings. It does not replace the Member's Code of Conduct, the full description can be found in the GMCA's constitution Part 7A.

Your personal interests must be registered on the GMCA's Annual Register within 28 days of your appointment onto a GMCA committee and any changes to these interests must notified within 28 days. Personal interests that should be on the register include:

1. Bodies to which you have been appointed by the GMCA
2. Your membership of bodies exercising functions of a public nature, including charities, societies, political parties or trade unions.

You are also legally bound to disclose the following information called Disclosable Personal Interests which includes:

1. You, and your partner's business interests (eg employment, trade, profession, contracts, or any company with which you are associated).
2. You and your partner's wider financial interests (eg trust funds, investments, and assets including land and property).
3. Any sponsorship you receive.

Failure to disclose this information is a criminal offence

Step One: Establish whether you have an interest in the business of the agenda

1. If the answer to that question is 'No' then that is the end of the matter.
2. If the answer is 'Yes' or Very Likely' then you must go on to consider if that personal interest can be construed as being a prejudicial interest.

Step Two: Determining if your interest is prejudicial

A personal interest becomes a prejudicial interest:

1. where the wellbeing, or financial position of you, your partner, members of your family, or people with whom you have a close association (people who are more than just an acquaintance) are likely to be affected by the business of the meeting more than it would affect most people in the area.
2. the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

For a non-prejudicial interest, you must:

1. Notify the governance officer for the meeting as soon as you realise you have an interest.
2. Inform the meeting that you have a personal interest and the nature of the interest.
3. Fill in the declarations of interest form.

To note:

1. You may remain in the room and speak and vote on the matter

2. If your interest relates to a body to which the GMCA has appointed you to, you only have to inform the meeting of that interest if you speak on the matter.

For prejudicial interests, you must:

1. Notify the governance officer for the meeting as soon as you realise you have a prejudicial interest (before or during the meeting).
2. Inform the meeting that you have a prejudicial interest and the nature of the interest.
3. Fill in the declarations of interest form.
4. Leave the meeting while that item of business is discussed.
5. Make sure the interest is recorded on your annual register of interests form if it relates to you or your partner's business or financial affairs. If it is not on the Register update it within 28 days of the interest becoming apparent.

You must not:

Participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business,
participate in any vote or further vote taken on the matter at the meeting.

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**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY
AUDIT COMMITTEE, HELD ON THURSDAY 30TH NOVEMBER 2021
AT THE GMCA OFFICES, TOOTAL BUILDINGS, MANCHESTER**

PRESENT:

Councillor Sarah Russell	Manchester City Council (Chair)
Councillor Mary Whitby	Bury Council
Councillor Chris Boyes	Trafford Council
Gwyn Griffiths	Independent Member
Catherine Scivier	Independent Member
Susan Webster	Independent Member
Grenville Page	Independent Member

ALSO PRESENT:

Councillor Tom McGee	Stockport Council and Deputy GMCA Portfolio Lead Member for Resources and Investment
Mark Dalton	Mazars External Auditor
Daniel Watson	Mazars External Auditor

OFFICERS:

Steve Wilson	GMCA Treasurer
Rachel Rosewell	GMCA Deputy Treasurer
Sarah Horseman	GMCA Head of Audit and Assurance
Nicola Ward	GMCA Governance and Scrutiny

AC/62/21 WELCOME, INTRODUCTIONS AND APOLOGIES

RESOLVED /-

Apologies for absence were received and noted from Councillor Colin McLaren, Oldham Council, Councillor Tracy Kelly (Substitute) Salford Council and Councillor Christine Roberts (Substitute) Wigan Council.

Apologies were also received from Councillor David Molyneux, GMCA Portfolio Lead Member for Resources and Investment.

AC/63/21 CHAIR'S ANNOUNCEMENTS AND ITEMS OF URGENT BUSINESS

The Chair noted that there had been a late report circulated in support of item 8 – Audit Outcomes – GMCA Corporate Services.

AC/64/21 DECLARATIONS OF INTEREST

RESOLVED /-

There were no interests declared in relation to any item on the agenda, by any Member of the Committee.

AC/65/21 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 30 SEPTEMBER 2021

RESOLVED/-

That the minutes of the meeting of the GMCA Audit Committee held on 30 September 2021 be approved as a correct record.

AC/66/21 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 27 OCTOBER 2021

RESOLVED/-

That the minutes of the Joint Audit Panel held on 27 October 2021 be noted.

AC/67/21 STATEMENT OF ACCOUNTS 2020/21

The GMCA Treasurer introduced a report which summarised the position in relation to the GMCA accounts for 2020/21 and detailed the work undertaken to address several points raised by Mazars through their external audit activities.

This included an unadjusted misstatement relating to fire fighter pension liability, as this remained an estimated figure and as the timescales for these changes remained unknown so could therefore result in a repeated adjustment with no impact on the bottom line. A second unadjusted misstatement was in relation to a correction of a treatment of downward valuation of assets as although there had been a charge to the income and expenditure account in year rather than the re-evaluation reserve there was no change to the overall accounts.

The report also included two amended misstatements in relation to correcting the accounting treatment of the senior officer remuneration in the Group accounts following a correction to the GMP accounts, and a change to a disclosure that it was TfGM who had received the Light Rail Grant in 2020/21 not the GMCA. The final adjustment to the accounts was in relation to the classification of Northwest Evergreen Holding to a short-term debtor. Members questioned the wording of this re-adjustment as if was felt that 'debit cash and credit debtors' was counter intuitive, Mazars offered to check the wording with officers from the GMCA to ensure it did was accurate.

In relation to the group balance sheet, Members noted that the £10.8bn pensions liability figure was significant and questioned as to whether there were any short-term financial implications or long-term sustainability issues as a result from this liability. Officers agreed that this was a notable feature on the balance sheet, however reported that the assessment of concerns and cash flow management were regularly updated to ensure the risk remained in view. However, there was no immediate cause for concern as the GMCA's reserves and current cash positions were healthy.

Once these issues have been addressed completely, officers of the GMCA would write a final letter of representation to the Auditors to give closure to the process.

RESOLVED/-

1. That the final statement of accounts for 2020/21 be approved, once the group accounts adjustment (as detailed below) has been checked
2. That the changes to the accounts during the audit period be noted.
3. That the unadjusted misstatements contained in the report be approved.
4. That Mazars and GMCA Finance Team would review the wording of the amendment in the group accounts relating to the Northwest Evergreen Holding Debtor to ensure it did not result in a double entry to the accounts.
5. That authority be delegated to the Chair of the Audit Committee to approve the final accounts should there be any further changes.

AC/68/21 AUDIT COMPLETION REPORT AND ANNUAL AUDIT LETTER

Mark Dalton (Mazars) reported that the external audit of the GMCA accounts was substantially complete subject to final review and quality control procedures and that overall, the outcomes of the process were positive and sign off was imminent.

Daniel Watson (Mazars) took Members through the Audit Completion Report in detail and drew attention to page 229 which highlighted a small number of working areas that had now been addressed including the cash flow statement and the signing off of group accounts. Further assurance was given in relation to significant risks, management override of controls and the value of property and equipment which had all been reviewed as appropriate. With reference to the outstanding legal case in relation to fire fighter pensions, although there was a significant estimate against this, the external audit had resolved that the assurances in place were adequate. Finally, in relation to the standard adjustments to the accounts, there were no further reported concerns.

In relation to the internal control recommendations, Members questioned as to whether the March 2022 deadline was obtainable in ensuring compliance against a disaster recovery test and a backup data policy. Officers confirmed that there was a cyber security solution being developed to address a number of these issues which would enhance back up data systems and deal with potential disaster recovery scenarios that was anticipated to be delivered by March 2022. However, Members were further assured that current processes were adequate and that the challenge from external audit was in relation to a formal policy relating to the formal backup of data.

The risk in relation to segregation of duties was also highlighted as potentially significant, however Officers gave assurances that this was only in relation to the raising of invoices within accounts receivable and therefore there was no immediate risk as the process was well managed. It was noted that Internal Audit were also reviewing the accounts receivable function which would further mitigate any risk.

Specifically, to the internal control recommendations in relation to Change Management Policies for ICT, Members asked what would be defined as a 'good' policy. Officers confirmed that the current change management process for ICT within the GMCA was strong, but that this would be shared with colleagues at Mazars to ensure that expectations were well communicated.

Members also asked under what circumstances the GMCA would be required to deal with petty cash. The GMCA Treasurer informed the Committee that this was a legacy issue from Greater Manchester Fire Service and was subject to a strict exception policy. Within the next six months there would also be a further review of the use of petty cash and recommendations made as to its future use.

It was suggested that any external audit recommendations be picked up within the monitoring of internal audit recommendations to ensure that these are progressed and integrated into one process.

In relation to the Value for Money report, Members questioned as to whether there were any planned changes to the local government approach to ensure that this successfully assessed whether outcomes were being delivered rather than the traditional transactional approach. Colleagues from Mazars reported that there would be a change of approach seen within the 2021/21 Value for Money Commentary which was due for publication within the next three months, designed to be less transactional and more useful for Audit Committee Members as it evolves into regular practice.

Members asked that there be a standard approach to the placements of decimal points in figures to ensure consistency across reports.

In respect of the Annual Audit Letter for 2019/20, colleagues from Mazars reported that this was the final step in the closing of the accounts from the 2019/20 audit year, in which the agreed fees were detailed following discussion, challenge and agreement from GMCA senior officers. Further to this, it was reported that Central Government had provided £15m to support local authorities and combined authorities because of the upward pressure on audit fees, of which the GMCA had received £14,000.

On the subject of increased fees, although Members generally supported the increase, there were questions raised as to those fees which were a one off and those which were recurring. Mazars confirmed that the increase in fees was as a result of enhanced audit quality going forward and that the proposed fees for 2019/20 set in March 2019 were not in line with the scaled fee approved by PSAA (Public Sector Audit Appointments) which was amended as a result of regulatory changes.

In follow up, Members reported that as part of a regulatory environment PSAA were conducting an ongoing consultation which may impact the role and responsibilities of Independent Members who sit on Audit Committees. It was suggested that the GMCA be informed of any implications once this is finalised, specifically in relation to future appointments to the Committee. Officers agreed to provide this in due course as this was strongly linked to PSAA's national procurement of external auditors and the Committee's consideration as to whether the GMCA should be recommended to choose to appoint from this national process or re-tender for their own external auditors.

RESOLVED/-

1. That the Audit Completion Report and Annual Audit Letter be noted.
2. That officers would check with the ICT team regarding the level of confidence in attaining the March 2022 deadline for delivery of the organisation's cyber security software and report back to the Committee.

3. That the GMCA would work with external audit to determine what a 'good' ICT Change Management Policy should look like in advance of next year's audit.
4. That any ongoing external audit recommendations be integrated with the internal audit recommendation monitoring to ensure their delivery.
5. That there be a standard approach to the placement of decimal points in figures reported to the Committee for consistency.
6. That the GMCA be informed of the implications to the Independent Members of the Audit Committee following the publication of the regulatory guidelines in relation to external audit.
7. That linked to this, a future report be brought to the Committee following the PSAA's national procurement exercise in relation to external auditors.

AC/69/21 AUDIT OUTCOMES – GMCA CORPORATE SERVICES

The GMCA Treasurer presented a report on behalf of the GMCA Deputy Chief Executive regarding a number of audit actions which were still to be completed, some of which had been addressed since the last Committee meeting including those linked to employee expenses and car mileage.

In relation to the items with an approval date of the 29 November, officers agreed to provide an update to Members. With regards to expenses, it was confirmed that the first report had been taken to the senior leadership team this week and was well accepted, however this process would be kept under review.

RESOLVED/-

1. That a further update on the audit outcomes be brought to the next meeting.
2. That Andrew Lightfoot, Deputy Chief Executive be invited to attend Audit Committee meetings going forward to address non-finance issues.
3. That officers would check that those actions with due dates that have passed, specifically in relation to policy development and spend reporting, have been completed and provide an update to Members.

AC/70/21 TREASURY MANAGEMENT REPORT

The GMCA Treasurer introduced a report which provided an update on activities of the GMCA during the first six months of 2021/22 within prudential borrowing. It was noted that the GMCA had not been required to externally borrow this year, however there was a short-term small borrowing at the end of 2019/20 to manage cash flow over the year end.

The most significant issue for treasury management this year had been in relation to the use of deposit balances, and the report proposed to increase deposits with a number of low-risk sectors. There were ongoing discussions with treasury advisors as to how to make best use of the deposits available to the GMCA, including a proposal regarding the duration of lodgings to increase the level of return.

Members welcomed the thorough report, however sought assurances as to the risks associated with loans to Local Authorities in the current climate where many were facing financial difficulties. Officers reported that these loans were assessed by the

treasury management team who were fully aware of any Local Authority aggressive investment policies and potential reputational issues.

It was noted that the police capital spend was significantly larger than anticipated in 2021/22 and Members sought further clarity. Officers reported that there was an assumed level of slippage built into this year's budget that would not be realised as spend has been brought forward into this year. There were also unforeseen capital purchases including new fleet vehicles which had been highlighted with senior officers and a long-term capital plan was currently being developed. Members were concerned with the number of response vehicles purchased over the last year but were assured that this would enable significant improvements within the service.

In relation to the proposed GMP budget for 2022/23, Officers confirmed that following consultation this would be considered by the Police and Crime Panel in early 2022. If proposals were rejected, then the Mayor would be required to return to the Panel with an alternative proposal.

RESOLVED/-

That the report be noted.

AC/71/21 WORK PROGRAMME 2021/22

The Chair presented the draft Work Programme for comment and suggested that a summary of the Committee's recommendations was on the agenda for each forthcoming meeting in order for Members to monitor their delivery.

A request was made for further training sessions for Members in relation to areas including Treasury Management & GM Fire and Rescue Service and relevant site visits which would enhance their understanding of the organisation.

RESOLVED/-

1. That the Work Programme be noted.
2. That training sessions be arranged for Members of the Committee in due course.

AC/72/21 DATES OF FUTURE MEETINGS

RESOLVED/-

That it be noted that the GM Audit Committee would next meet on Friday 21 January 2022.

GMCA Audit Committee

Date: 21 January 2022

Subject: Internal Audit Progress Report

Report of: Sarah Horsman, Head of Audit and Assurance, GMCA

PURPOSE OF REPORT

The purpose of this report is to inform Members of the Audit Committee of the progress made on the delivery of the Internal Audit Plan for Q3 2021/22. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

RECOMMENDATIONS:

Audit Committee is requested to:

- Consider and comment on the progress report
- Approve the changes to the Audit Plan (Section 3)

CONTACT OFFICERS:

Sarah Horseman, Head of Audit and Assurance - GMCA,
sarah.horseman@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS: N/A

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?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1 Introduction

The Internal Audit strategic three-year plan for GMCA was presented to the Audit Committee in April 2021 and this set out the planned assurance activity to be conducted during 2021/22 based on our understanding of the organisation's strategic and operational risks.

Separate plans are approved by Transport for Greater Manchester (TfGM) and Greater Manchester Police (GMP) / Police and Crime Functions with reporting to their respective Audit, Risk and Assurance Committee (ARAC) and Joint Audit Panel.

The purpose of this progress report is to provide Members with an update against the GMCA audit plan for 2021/22.

2 Progress against the 2021/22 Internal Audit Plan

2.1 Internal Audit work completed since the last meeting of the Audit Committee

Since we last reported to Audit Committee on 30 September 2021, we have finalised and published four audit reports and certified four grants. The Executive Summaries from these reports are appended to this report.

- **Core Investment Team - Loan Funding and Approval:** This report provided a **reasonable assurance opinion** over the loan approval process for core funds and confirmed general compliance with the control framework including the assessment, appraisal, approval and monitoring of loans. The Chief Executive Appraisal Sub-Group acted as a gateway for all loan approval decisions and our review showed this provided robust challenge to proposals being submitted prior to approval. The audit identified a small number of recommended improvement actions and a timetable for implementation of these was agreed.
- **Supporting Families Programme (Formally Troubled Families):** This work was completed in conjunction with the ten GM District Audit teams and provided a positive assurance opinion overall on the delivery of the key elements of the Supporting Families Programme. There were no significant 'red flag' risks brought to our attention in the assurance reports received which required immediate attention or oversight by GMCA. Audit recommendations for improved controls were made by 7 out of the 10 GM Districts. Implementation monitoring of these actions will be completed by the Districts themselves.
- **Programme and Project Governance:** This report provided a **reasonable assurance opinion** over the effectiveness of the general control framework operating around programme and project management across GMCA and GMFRS. The audit identified that there is further capacity to improve and

strengthen existing arrangements with a more consistent and defined approach. The report made two recommendations linked to the development of a simplified project control framework against which projects would be expected to be delivered; and the development of a recommended training programme for all project managers.

- **Grant certifications** – These were completed for Local Energy Market Grant £304k, Green Homes Grant £2.2m, Brownfield Housing fund £16.2m and Covid-19 Emergency Active Travel Fund £1.88m.
- **Grant Management and Reporting (Interim Assessment):** An Interim Position statement was issued in November 2021 which reflected our current observations over existing controls. At the time, there was significant work ongoing to review internal financial systems, policies and processes for dealing with grants and implementing a revised process for managing and monitoring grants. Training of finance staff is due to take place in January 2022 with the new process implemented immediately following this during February to March 2022. We intend to revisit this assessment and provide an assurance opinion over the revised processes and controls in March 2022.

Draft reports are being prepared for issue on Accounts Receivable, GMFRS Stores, Contract Award and Cyber Security. We aim to finalise these with Management during January 2022.

Resourcing: We are pleased to report that we have recruited to the vacant Principal Auditor post. Stuart Richardson joined us on 30 November 2021. We are now fully resourced, but delivery of the audit plan will be kept under review to take account of emerging risks and any changes to client availability or working arrangements.

Our overall progress in delivering 2021/22 planned audit work remains reasonable but has been impacted due to COVID-19 work absence and staff availability. We are seeking some changes to the plan which are outlined at **Section 3**, if approved, we remain confident the rest of the plan can be achieved.

2.2 Internal Audit work in progress 2021/22

A summary on the status of ongoing audit work is as follows:

Planning Stage	
GMFRS - Firefighter Training and CPD	We have issued our terms of reference for this audit and fieldwork will commence in January 2022.
Asset Compliance	We have discussed with management the outline scope for this work which will focus on providing

	assurance over the completion of statutory health and safety checks across the GMCA estate on gas and electricity, legionella and fire safety. Audit work to commence in January 2022.
Fixed Asset – Data Migration	This is an additional piece of work requested by management which will commence in January 2022.
Grant Certifications	Upcoming grant on Public Sector Decarbonisation scheme due in March 2022.
Anti-Fraud Policies	We will review and update GMCA fraud policies during Quarter 4.

Fieldwork Stage	
Procurement – Contract Award	This work is nearing completion and a draft report is being prepared.
Accounts Receivable	Fieldwork on this audit is nearing completion.
GMFRS – Fire Safety Assessments	Fieldwork commenced in January 2022 on this audit

Reporting Stage	
GMFRS – Stores management	Draft report issued to management and awaiting finalisation.
Grant Funding – Management and Reporting	We issued an interim position statement in November 2020 which we will revisit in April 2022.
ICT Security Audit – Outsourced Work	Salford Internal Audit Service have completed their fieldwork for the Cyber Security audit. A draft report is with management for review.

Details of our progress in respect of the 2021/22 Audit Plan is shown in **Appendix B**.

3 Changes to the Internal Audit Plan

The internal audit plan is regularly reviewed and can be amended to reflect changing risks and/or objectives. In line with the Internal Audit Charter, any significant changes to the plan must be approved by the Audit Committee.

We are proposing some changes to the audit plan, with one new addition and three deferred audits to 2022/23. Details of these are shown at **Appendix C**. The plan will be kept under review during quarter 4 due to the uncertainty caused by the pandemic and any emerging risks and priority work.

A cumulative record of changes to the plan, with the rationale for each, is shown as an **Appendix C** to this report.

4 Other Activities

Aside from delivery of the internal audit plan, since the last meeting internal audit have undertaken the following additional activities.

4.1 **Whistleblowing and Counter Fraud activities** - One whistleblowing allegation was received, investigated and closed with no further action required. Details will be reported through to Audit Committee in line with whistleblowing arrangements.

4.2 Boards and subgroups

- The Head of Audit and Assurance is a member of the Information Governance Board and of the Serious Information Governance Incident (SIGI) Panel both of which are chaired by the Senior Information Risk Owner. The Board meets on a regular basis. Progress has been made in identifying and managing IG risks and in developing formal mechanisms to record decisions made by SIGI in relation to specific incidents.
- Internal Audit also attend the Freedom of Information (FOI/EIR) and Transparency User Group to feed into the development of processes around statutory duties under the Freedom of Information and Environment Information Regulations. This group will provide assurance to the Information Governance Board
- Internal audit attends the North West Chief Audit Executive Meetings and the Counter Fraud subgroup which meets quarterly on fraud matters affecting the region, knowledge sharing and good practice.

4.3 External Quality Assessment actions

Good progress has been made in implementing the actions arising from the external quality assessment of Internal Audit which was undertaken in the summer of 2021. Of the 24 discrete agreed actions 13 have been completed, 5 have been extended and 6 are not yet due.

Those where extended timescales are required are as follows:

- Recommendation 2 – consideration of arrangements for Counter Fraud arrangements: target date 31/12/21. This is ongoing. Discussions have taken place with another local authority regarding provision of call off arrangements if required. Will continue to be reviewed Q4 2021/22 in line with review of Counter Fraud Policies and Procedures.
- Recommendation 6 – this is in regard to reporting against new KPIs, target date 31/12/21. The new KPIs are included in 4.4 below for approval at this meeting of the Audit Committee so will be reported in Q4 of 2021/22.
- Recommendations 7 and 8 – development and population of an assurance framework: target date 31/12/21. This will be included within development activities for 2022/23.
- Recommendation 12 – development of a document retention policy: target date 31/12/21. Extended to 30/6/22, the risk associated with this finding is low as the team is new so does not currently hold historic data. This policy will be developed and implemented by the end of Q1 2022/23.

4.4 Internal Audit Key Performance Indicators

The Head of Audit and Assurance has recently concluded an exercise to identify alternative, output based KPIs to better assess the quality of the Internal Audit service, as well as the performance of the team. The proposed new suite of KPIs is set out overleaf.

Activity	#	Performance Indicator	Type	Description	How calculated	Target
Delivery of audit plan	1	Completion of audit plan	Quantitative	Measure of final reports (i.e., completed audits) and grant certifications issued.	Number of engagements where final reports/certifications have been issued / number of engagements in the plan	100% by year end

	2	Elapsed time of audits	Quantitative	The relevance and impact of audit work diminishes over time due to the timeliness of the findings and opinion. Audits should therefore not be prolonged over an extended period. This KPI measures audits only, not grant certifications.	% of audits with a total elapsed time from fieldwork start to final report issue < 3 months.	<3 months
Audit action implementation	3	Quality of agreed audit actions	Qualitative	It is important that audit actions are practical, reasonable and will be effective in mitigating any risks identified during the audit.	% of responses that are "Agree" or "Strongly Agree" to the question "The agreed actions in the audit report were relevant, practical and will effectively mitigate risks identified in the audit findings".	90%
	4	Audit actions implemented (rolling 12 months)	Quantitative	Audit action implementation is an important indicator of the value of internal audit as well as a reflection of the quality and feasibility of the agreed actions and dates.	Audit actions implemented / total audit actions (over last 12 months)	85%
Audit action implementation	5	Historic open audit actions	Quantitative	There may be reasons that audit actions cannot be implemented within timescales, but they should be either implemented or superseded. Old, open actions should be kept to a minimum. Implementation is management's responsibility, but IA have a role to play in ensuring actions are implementable and in confirming that they have been implemented.	Number of audit open audit actions >6 months past target implementation date. 1-3 would be Amber, >3 Red.	0
Internal Audit Effectiveness	6	Audit process	Qualitative	The audit process should be efficient and effective, with stakeholders feeling	% of audit surveys with "Agree" or "Strongly Agree"	80%

			suitably engaged throughout the process.	gely Agree” in relation to audit process		
	7	Customer satisfaction	Qualitative	Overall, stakeholders should feel satisfied with the audit process and product at the end of an audit.	% of audit surveys with overall score of “Agree” or “Strongly Agree” in the overall satisfaction question	80%

The value of these KPIs will be dependent on responses from auditees as to the quality of work that has been undertaken. A new survey has been designed in MS Forms to try to make the feedback process as simple as possible so as to enable timely and relevant feedback.

It is proposed to launch the new survey for audits undertaken from this point onwards and to introduce the new KPIs in Q4 with a move to only the new KPIs for 2022/23.

In addition to these KPIs, the Head of Audit and Assurance will annually survey SLT and CEMT members to obtain more general feedback on the IA service.

Appendix A - Summary of Internal Audit Reports issued 2021/22

The table below provides a summary of the internal audit work completed. This will inform the annual Internal Audit opinion for the year 2021/22.

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
External Quality Assessment of Internal Audit	Compliant with PSIAS				13	8	✓	✓	✓
Programme and Project Governance	Reasonable			2			✓	✓	✓
Loan Approval Decisions – Core Investment Funds	Reasonable			1	3		✓		
Supporting Families Programme	Positive Overall	We made no recommendations as part of this review					✓		
Grant Funding – Management and Reporting	N/A	An Internal Audit Position Statement was issued following an interim assessment completed in November 2021. Further work to be conducted in April 2022.					✓		

Grant Certifications				
BEIS Growth Hub Funding	Positive	✓		
Covid-19 Emergency Active Travel Fund 20/21 (31/5099)	Positive	✓		
Green Homes Grant (31/5187)	Positive	✓		
Brownfield Housing Fund 20/21 (31/52990)	Positive	✓		
GM Local Energy Market (Oct20-June21)	Positive	✓		
GM Local Energy Market (Oct20-Sept21)	Positive	✓		

The following tables show definitions for the Assurance Levels provided to each audit report and the ratings attached to individual audit actions.

Assurance levels

	DESCRIPTION	SCORING RANGE	DESCRIPTION
	SUBSTANTIAL ASSURANCE	1-6	A sound system of internal control was found to be in place. Controls are designed effectively, and our testing found that they operate consistently. A small number of minor audit findings were noted where opportunities for improvement exist. There was no evidence of systemic control failures and no high or critical risk findings noted.
	REASONABLE ASSURANCE	7-19	A small number of medium or low risk findings were identified. This indicates that generally controls are in place and are operating but there are areas for improvement in terms of design and/or consistent execution of controls.
	LIMITED ASSURANCE	20-39	Significant improvements are required in the control environment. A number of medium and/or high-risk exceptions were noted during the audit that need to be addressed. There is a direct risk that organisational objectives will not be achieved.
	NO ASSURANCE	40+	The system of internal control is ineffective or is absent. This is as a result of poor design, absence of controls or systemic circumvention of controls. The criticality of individual findings or the cumulative impact of a number of findings noted during the audit indicate an immediate risk that organisational objectives will not be met and/or an immediate risk to the organisation's ability to adhere to relevant laws and regulations.

Audit Finding Classification

Risk Rating	Description/characteristics	Score
Critical	<ul style="list-style-type: none"> • Repeated breach of laws or regulations • Significant risk to the achievement of organisational objectives / outcomes for GM residents • Potential for catastrophic impact on the organisation either financially, reputationally or operationally • Fundamental controls over key risks are not in place, are designed ineffectively or are routinely circumvented • Critical gaps in/disregard to governance arrangements over activities 	40
High	<ul style="list-style-type: none"> • One or more breaches of laws or regulation • The achievement of organisational objectives is directly challenged, potentially risking the delivery of outcomes to GM residents • Potential for significant impact on the organisation either financially, reputationally or operationally • Key controls are not designed effectively, or testing indicates a systemic issue in application across the organisation • Governance arrangements are ineffective or are not adhered to. • Policies and procedures are not in place 	10
Medium	<ul style="list-style-type: none"> • Minor risk that laws or regulations could be breached but the audit did not identify any instances of breaches • Indirect impact on the achievement of organisational objectives / outcomes for GM residents • Potential for minor impact on the organisation either financially, reputationally or operationally • Key controls are designed to meet objectives but could be improved or the audit identified inconsistent application of controls across the organisation • Policies and procedures are outdated and are not regularly reviewed 	5
Low	<ul style="list-style-type: none"> • Isolated exception relating to the full and complete operation of controls (e.g. timeliness, evidence of operation, retention of documentation) • Little or no impact on the achievement of strategic objectives / outcomes for GM residents • Expected good practice is not adhered to (e.g. regular, documented review of policy/documentation) 	1
Advisory	Finding does not impact the organisation's ability to achieve its objective but represent areas for improvements in process or efficiency.	0

Appendix B – Progress against the Internal Audit Plan 2021/22

The table below shows progress made in delivery of the 2021/22 Internal Audit Plan.

Key: ○ Not Yet started ⊙ Scheduled ● In progress ● Complete

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Governance	Annual Governance Statement 2020/21	Q1	●	●	●	●	Sept 2021	IA contributed to the update of the AGS
Corporate Services	Grants	Mandatory Grant Certifications	Q1-Q4	⊙	⊙	⊙	⊙		Ongoing
Corporate Services	ICT	Cyber Security	Q1	●	●	⊙	○		Draft Report issued
Corporate Services	Grants	BEIS Growth Hub Funding 2020/21	Q1	●	●	●	●	Aug 2021	Completed
Core Investment Team	Loans and Investments	Loan Approval Decisions	Q1	●	●	●	●	Jan 2022	Final Report Issued
Corporate Services	Procurement and Contracting	Contract Award and Finalisation	Q1	●	●	⊙	○		Draft Report being prepared
GMFRS	Governance	Whistleblowing / Grievance	Q1	●	●	●	●	Sept 2021	Ongoing investigation
GMCA	Governance	Whistleblowing	Q2	●	●	●	●	Sept 2021	Completed

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Governance	Governance Framework	Q1	●	○	○	○		Planning
Corporate Services	Governance	Programmes and Project Governance	Q1	●	●	●	●	Jan 2022	Final Report Issued
Education, Work and Skills	Finance	Adult Education Budget	Q1	○	○	○	○		Not started delayed to Q4
Corporate Services	Finance	Accounts Receivable	Q2	●	●	●	○		Fieldwork Completed
GMFRS	Assets	Stores & Logistics	Q2	●	●	●	○		Draft Report Issued
Corporate Services	Finance	Grant Funding Management and Reporting	Q2	●	●	●	○		Interim Opinion Given
Public Sector Reform	Compliance	Supporting Families Programme	Q2	●	●	●	●	Jan 2022	Final Report Issued
Environment	TBC	Carbon Reduction	Q3	○	○	○	○		Proposal to Defer to 2022/23
Corporate Services	Finance	Budgetary Control	Q3	○	○	○	○		Proposal to Defer to 2022/23

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Placemaking	TBC	Asset Compliance	Q3	●	●	○	○		Fieldwork Commenced
GMFRS	Training	Continuing Professional Development	Q4	●	●	○	○		Fieldwork Commenced
Mayoral	Governance	Mayoral Priorities	Q4	○	○	○	○		Proposal to Defer to 2022/23
GMFRS	Protection and Prevention	7(2)(d) Fire Safety Risk Assessments	Q4	●	●	○	○		Fieldwork Commenced
Corporate Services	Finance	Fixed Asset Data Migration	Q4	●	◎	○	○		Fieldwork Commencing Jan 22

Other Audit Activity		Quarter
Information Governance	Head of IA is a member of the IG Board, ongoing advice, and oversight of IG risks through this forum.	All
Risk Management	Internal audit facilitates quarterly strategic risk register updates through the Senior Leadership Team and the ongoing development and implementation of a GMCA-wide risk management framework.	All
Audit action tracking	Internal audit will monitor and report on a quarterly basis the implementation of agreed audit actions	All
Whistleblowing investigations	Receipt and investigation of whistleblowing reports	As needed

Ad-hoc advice and support	Advice and reviews requested in-year in response to new or changing risks and activities.	As needed
Contingency days	Days reserved to address new or emerging risks	As needed

Appendix C - Changes to the Internal Audit Plan

The internal audit plan is designed to be flexible and can be amended to address changes in the risks, resources and/or strategic objectives. Similarly, management and the board may request additional audit work be performed to address particular issues. In line with Public Sector Internal Audit Standards (PSIAS) the Audit Committee should approve any significant changes to the plan.

This Section records any changes to the current internal audit plan since it was originally approved in April 2021.

Audit Area	Audit	Timing	Days	Change requested	Rationale	Approved by Audit Committee
Finance	Fixed assets – Data Migration	Q4	TBC	Plan addition	A request from Management to undertake this work. To provide assurance over migration of fixed asset data from BWO to the CIPFA fixed asset system.	
Finance	Budgetary Control	Q3		Defer	To defer to 22/23 audit plan. A significant amount of development work is being undertaken in finance to improve budget monitoring processes and aligned to the new finance structure. This affects the timing of this work.	
Environment	Carbon Reduction	Q4		Defer	To defer to 22/23 audit plan. Unlikely to deliver due to time constraints.	
Mayoral	Mayoral Priorities	Q4		Defer	To defer to 22/23 audit plan. Unlikely to deliver due to time constraints.	

Appendix D – Progress with EQA actions

The table below shows the progress made with the actions arising from the External Quality Assessment of Internal Audit undertaken in 2021/22.

PSIAS Ref	Rec No.	Recommendation	Responsible	Agreed Action	Target date	Status
1130	1	In future, assurance arrangements over which the Head of Audit and Assurance also has operational responsibility should be overseen by somebody outside of the internal audit activity. This could be done via a peer review arrangement (NWCAE group members have undertaken these in the past) or external provider.	Head of Audit and Assurance	Assurance over risk management arrangements will be overseen by a party outside of the internal audit function. Consideration will be given to establishing arrangements for peer review from another local or combined authority. No assurance work over risk management is in the scope of the Audit Plan for 2021/22 so these arrangements will be sought to be effective for 2022/23 and beyond.	30/04/2022	
1210	2	Consideration should be given to the development of counter fraud arrangements including buying in external resource, specific counter fraud training, or joint reviews.	Head of Audit and Assurance	The Head of Audit and Assurance is currently assessing Counter Fraud requirements at TfGM. It therefore is appropriate to consider both to determine the most effective and cost efficient way to develop/obtain the necessary counter fraud skills within the teams.	31/12/2021	Ongoing, will complete in Q4 in line with review of counter fraud policies

PSIAS Ref	Rec No.	Recommendation	Responsible	Agreed Action	Target date	Status
1220	3	The Internal Audit Manual should be updated to include reference to internal auditors considering and documenting the cost of assurance in relation to potential benefits when undertaking consulting engagements.	Head of Audit and Assurance	Audit Manual will be updated in line with the recommendation.	31/12/2021	Complete
1300	4	The QAIP should be reviewed on an annual basis and presented to the Audit & Governance Committee.	Head of Audit and Assurance	Complete – Review date of QAIP changed to April 2022	30/09/2021	Complete
1311	5	Future performance targets should be developed in consultation with appropriate parties and included in any future service level agreement developed.	Head of Audit and Assurance	New outcome focussed KPIs to be developed and approved by Audit Committee.	31/12/2021	Complete
1311	6	As a minimum a formal annual update on performance should be presented to the Audit Committee, with regular updates on a quarterly basis.	Internal Audit Manager	a) Once new KPIs have been agreed (as per 5 above) they will be reported to Audit Committee as part of the regular progress update reports – From December 2021.	31/12/2021	Revised date 31/3/22
		As a minimum a formal annual update on performance should be presented to the Audit Committee, with regular updates on a quarterly basis.	Internal Audit Manager	b) Annual review of performance in line with KPIs presented as part of the annual review of effectiveness of Internal Audit. Target Date – April 2022.	30/06/2022	
2010	7	A formal assurance framework should be developed in consultation with relevant stakeholders.	Head of Audit and Assurance	Develop and document Assurance framework for GMCA, in line with the “three lines” model	31/12/2021	Revised to 2022/23 development plan

PSIAS Ref	Rec No.	Recommendation	Responsible	Agreed Action	Target date	Status
2050	8	An assurance mapping exercise should be undertaken to identify and determine the extent to which the Head of Audit and Assurance can place reliance on other sources of assurance. An exercise is currently being undertaken with the NWCAE group to develop this area around assurance mapping so we would advise tapping into this group to gain areas of best practice that can be used in the future.	Internal Audit Manager	After the development of the Assurance Framework (7) an assurance mapping exercise will be undertaken. This can be used to inform HolA opinion for 21/22 as well as the planning process for 22/23.	31/03/2022	Revised to 2022/23 development plan
2120	9	In order to manage fraud risk more effectively, a risk assessment of fraud risks should be undertaken as part of the annual planning process. This will help determine whether resources are needed to provide assurance in any given high-risk fraud area (for example via completion of proactive counter fraud reviews).	Head of Audit and Assurance	Fraud risks will be considered in the annual planning process for 2022/23	31/03/2022	
2210	10	The results of any risk assessments of individual activity should be highlighted in the scoping document. The results of the assessment	Internal Audit Manager	We will review the planning document templates and incorporate a risk assessment section to ensure that it is clearly documented.	31/12/2021	Complete

PSIAS Ref	Rec No.	Recommendation	Responsible	Agreed Action	Target date	Status
		should feed through to the objectives.				
2210	11	Guidance should be provided to internal auditors in order to ensure that internal auditors use criteria established by management to evaluate governance, risk and control, whether met or inadequate, and formally documented as part of the scoping exercise. This should also form part of management review of auditor documentation.	Head of Audit and Assurance	Audit manual to be updated to include reference to specifying what criteria are being audited against. If criteria don't already exist then guidance around how to develop them will be included.	31/12/2021	Complete
2330	12	The Head of Audit and Assurance should develop and implement a process for the retention of engagement records. This document should be reviewed on a regular basis.	Head of Audit and Assurance	Document retention policy will be drafted in consultation with relevant stakeholders including IG and Legal.	31/12/2021	Revised to 31/3/2022
2340	13	Internal audit procedures should be updated to include the requirement for a consistent approach around highlighting and evidencing supervisory review of working papers.	Internal Audit Manager	A practical and efficient way to consistently evidence review will be determined and included in the IA manual for immediate implementation.	31/12/2021	Complete

PSIAS Ref	Rec No.	Recommendation	Responsible	Agreed Action	Target date	Status
2	14	In order to formally demonstrate that Internal Auditors display objectivity whilst performing services in accordance with the PSIAS, a reference should be made to this in every Internal Audit report produced.	Head of Audit and Assurance	Complete: Report template for 2021/22 has been updated to include reference to conformance with PSIAS.	30/09/2021	Complete
1000	15	The Counter Fraud Strategy and Policy should be reviewed and published on the website.	Head of Audit and Assurance, Internal Audit Manager	Counter fraud activities are built into the audit plan for 21/22. The policies will be reviewed, refreshed, approved by Audit Committee and published	31/03/2022	
1100	16	A formal process should be introduced to ensure that threats to objectivity are identified and managed at engagement level by highlighting this in the Audit Charter and scoping documentation.	Head of Audit and Assurance	a) Section 9.7 of IA Charter has been updated to reflect engagement level objectivity will be confirmed and documented at the planning stage. Complete - July 2021.	31/07/2021	Complete
1100	16	A formal process should be introduced to ensure that threats to objectivity are identified and managed at engagement level by highlighting this in the Audit Charter and scoping documentation.	Internal Audit Manager	b) Template planning documents will be updated to allow for objectivity to be confirmed at that stage within each engagement. December 2021.	31/12/2021	Complete

PSIAS Ref	Rec No.	Recommendation	Responsible	Agreed Action	Target date	Status
1130	17	A process for the rotation of audit assignments should be introduced and documented within the Internal Audit Charter.	Head of Audit and Assurance	a) Section 9.7 of IA Charter has been updated to refer to rotation of duties. Complete - July 2021.	31/07/2021	Complete
1130	17	A process for the rotation of audit assignments should be introduced and documented within the Internal Audit Charter.	Internal Audit Manager	b) IA manager will wherever possible ensure rotation of auditor responsibilities within the audit plan.	Ongoing	Ongoing
1210	18	The use of data analytical tools should be explored and introduced, with relevant training provided.	Head of Audit and Assurance	In line with the action from Recommendation 2 above. Data analytics skills will also be considered for development within the team and budget requested as necessary.	30/04/2022	
1230	19	A formal process to individually assess internal auditors against pre-determined skills and competencies should be introduced and highlighted in the Audit Manual.	Head of Audit and Assurance, Internal Audit Manager	The PRA process at GMCA will be used to assess performance. By its nature this will assess how auditors are performing against their objectives. IA Manual will be updated to reflect.	31/12/2021	Complete
1300	20	The Head of Audit and Assurance should formalise the period assessment for evaluating conformance with the PSIAS, such as highlighting the results in the Head of Audit and Assurance annual opinion.	Head of Audit and Assurance	Complete – the 2020/21 audit opinion summarised the results of the internal audit effectiveness assessment which includes conformance with PSIAS and reference to the QAIP.	30/06/2021	Complete

PSIAS Ref	Rec No.	Recommendation	Responsible	Agreed Action	Target date	Status
2450	21	In the annual report and opinion, the Head of Audit and Assurance should include reference to any scope limitations in the opinion, or if there were no scope limitations this should be clearly documented, and clearly identify which audits completed in the year formed part of the originally agreed internal audit plan.	Head of Audit and Assurance	Reference to whether there were any scope limitations will be included in the 2021/22 opinion	30/06/2022	

Appendix E – PROGRAMME AND PROJECTS



INTERNAL AUDIT REPORT

GMCA Programme and Project Governance

FINAL

Based on the audit work performed, this audit has been classified as REASONABLE ASSURANCE.	REASONABLE ASSURANCE
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Reference: 2021/22 Q1

Draft Report Issued: 24 August 2021

Final Report Issued: 18 November 2021

Audit Sponsor: Andrew Lightfoot, Deputy Chief Executive

Lead Auditor: Damian Jarvis and Phoebe Scheel

EXECUTIVE SUMMARY

1. Background and Context

- 1.1. Greater Manchester Combined Authority (GMCA) has several 'flagship' reform and investment programmes which include those projects being delivered under thematic areas such as Placemaking, Work and Health, Skills and Employment, and Digital.
- 1.2. GMCA are often the accountable body for the funding of these projects but responsibility for actual delivery may be led by other strategic partner organisations such as Transport for Greater Manchester (TfGM), or via commissioned services.
- 1.3. There is a requirement for robust evaluation and effective programme and project control arrangements to ensure the delivery of project outcomes across GMCA.

2. Audit objective and scope

- 2.1. The objective of this audit was to provide assurance over the effectiveness of GMCA governance and accountability arrangements to ensure the successful completion of GMCA-led programmes and projects to agreed quality, budget, and completion timescales.
- 2.2. The audit examined the activities in place for managing these at both strategic (Corporate) and operational (Directorate) level.
- 2.3. The review included a maturity self-assessment, including the strengths and weaknesses of the current approach, across the following areas:
 - planned programmes and alignment with the GMS and the business planning cycle.
 - organisational structures and workforce capacity.
 - governance, authority and accountability.
 - methodology for delivery including systems, policies, procedures and processes.
 - culture, training and competence.
 - use of consultants and value for money.
 - Finance and Cost Control.

Limitations:

- 2.4. Our key findings and assurances are based on interview feedback and discussion. The results of the maturity self-assessment and some of the assertions made during interview are unverified and not supported by detailed testing.
- 2.5. This work intends to provide an initial assessment only and does not entail detailed compliance testing of systems, policies and processes or the effectiveness of these at project level.
- 2.6. We did not undertake a detailed review of project documentation or records, nor are we providing assurance on the adequacy of this.

3. Audit Opinion

- 3.1. Overall, we can provide a **reasonable assurance opinion** over the effectiveness of the general control framework operating around programme and project management. However, there is further capacity to improve and strengthen existing arrangements with a more consistent and defined method of approach.
- 3.2. It was noted through discussion with Programme Managers (PMs) and self-assessments from across multiple Directorates (not including GMFRS – see later) that directorates:
- were able to demonstrate that robust processes are in place at project level, including alignment with the GMS, governance and accountability, and mechanisms for monitoring progress and delivery. Many examples of good practice were shared with us, along with plans for further improving and embedding the PM function. However, all PMs acknowledged that a more consistent approach that is supported and promoted centrally by leadership would be beneficial, including training for PMs at various levels, and a set of guidance tools and templates.
 - felt confident that all programmes and projects could be directly linked as arising from the priorities of the GMS. All programmes and projects were subject to some form of approval process, though this rarely included a Project Initiation Document (PID) or formal Gateway approval but was likely to include a Business Case as a minimum.
 - independently developed their own sets of project management guides, tools and templates for their own PMs to pick and choose from. Whilst these appear to be working well for each individual Directorate, all agreed that having a CA-wide approach or set of templates would be of benefit, as long as they were not required to be rigidly adhered to. The varied nature of the work that the CA undertakes will necessitate a degree of flexibility and the ability for PMs to tailor the approach to suit to individual circumstances, but conversely does not mean that Directorates could or should work in silos.

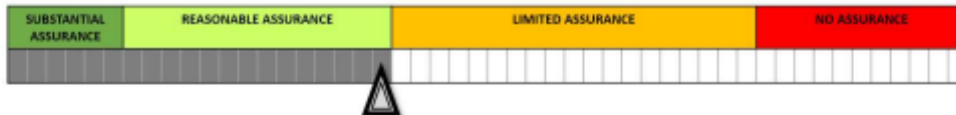
Within GMFRS:

- A dedicated interim PMO function had been established to assist with Programme for Change, this offer is being made permanent with recruitment taking place at the time of writing this report.
 - There is a clear reporting structure in GMFRS with internal oversight of project dashboard reports being overseen by Performance Board and Deputy Mayor's Executive. Less formalised project reporting arrangements exist within GMCA, though individual Directorates all had some form of project delivery monitoring in place.
- 3.3. Areas where there are opportunities for improvement include:
- The recent internal audit on Performance Management included a recommendation around ensuring that a consolidated register of all grant-funded programmes and projects is developed. As it stands, during this audit we found

that even individual Directorates did not necessarily have a single list of all ongoing programme and projects. Linked to this is the strengthening of financial gateway process to ensure there is a clear line of sight to the budget setting process and financial reporting.

- There is no central responsibility within the organisation for overseeing programme delivery. For “non-GMFRS” activities, programme and project managers operate within all Directorates but there is little visibility of the breadth and scope of their work at an organisation-wide level. Many staff fulfil a ‘project manager’ function without it being a formal part of their job role or title. A group of PMs have set up an informal networking group to share tips and best practice, but it was felt that more needed to be done at a strategic level to bring their interests together, raise the profile of this work, and develop consistency and share knowledge.

3.4. In the longer term, to aid the effective deployment and development of project management capability within the organisation, internal audit feel that consideration should be given to creation of a central PMO function as there is currently little visibility of project manager capacity across the organisation and little sharing / flexing of resources between Directorates. Management however are of the view that given the diversity of programmes and projects overseen across the GMCA, a single centralised PMO function is not deemed practical or cost effective. GMFRS are however progressing to establish PMO arrangements.



The scoring is based on the rating mechanism provided in Appendix 3

4. Summary of Exceptions/Areas for Improvement

Finding	Risk Rating				
	Critical	High	Medium	Low	Advisory
1. No central oversight of all programmes and projects across GMCA		X			
2. There is no consistent suite of programme and project management guides, process flows, tools, and templates.			X		
3. There is no standardised, approved project management training or accreditation for project/programme managers			X		
TOTAL		1	2		

5. Organisational implications

- 5.1. There is a wide and varied set of projects being delivered across GMCA from smaller initiatives to flagship change/transformational projects and complex cross cutting policy initiatives involving pan-GM organisations. This diverse range of projects means that not all follow a traditional project management approach or have clear targets and milestones for delivery and are not always solely within the organisations gift to deliver. This can present a mixed economy in terms of governance and may impact on visibility over project delivery, project decision making and resourcing.
- 5.2. The details from the maturity self-assessments carried out is shown at **Section 7** of this report.

6. Management Response

- 6.1. The Deputy Chief Executive provided the following comments in response to the report and proposed audit actions.
- 6.2. The GMCA budget (excl. GMFRS) is £246M of which 2.6M (just over 1%) is core recurrent funding. The Job descriptions of all Directors and Heads of Service requires postholders to possess significant experience of programme and project management.
- 6.3. The GMCA Business Plan documents all programmes and significant projects delivered by the GMCA. Grant conditions and funding agreements underpin these programmes and projects and performance against these agreements is monitored as part of the business plan performance monitoring framework. Each Director is accountable for delivery of programmes and projects. Performance against KPIs is monitored on a quarterly basis and overseen by the GMCAs SLT and CEMT.

- 6.4. GMFRS are still seeking to appoint to permanent roles a Programme Management Officer and Project Manager following the Interim PMO arrangement coming to an end in October 2021.
- 6.5. A good practice Project and Programme Control guide will be developed by the GMCA ELT group to accompany the good practice commissioning and contract management guides that have been produced recently.
- 6.6. A new training and development programme for GMCA is currently being developed, informed by a corporate and directorate training needs analysis. A revised programme will be adopted in 2022 and will incorporate PPM training.
- 6.7. We will continue to support and facilitate the PM Network support group.

CIT - LOAN APPROVAL DECISIONS



INTERNAL AUDIT REPORT

Loan Approval Decisions (Core Investment Funds)

FINAL

Based on the audit work performed, this audit has been classified as REASONABLE ASSURANCE.	REASONABLE ASSURANCE
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Reference: 2021/22-Q2

Draft Report Issued: 16 September 2021

Final Report Issued: 7 December 2021

Audit Sponsor: Steve Wilson, Treasurer

Lead Auditor: Jessica Jordan

EXECUTIVE SUMMARY

1. Introduction

- 1.1 GMCA utilises several funds to provide loans to the Greater Manchester business community to support the growth and development of the region's economy and support businesses that may not otherwise be able to access the finance needed. These funds come from a variety of sources and are each subject to their own governance processes. Whilst some are governed by external organisations who will make loan approval decisions, ultimately the GMCA remains the accountable body for the investment funding. This is predominantly grant funding utilised as loan funds and as such, any non-repayment of loans would affect the availability of the recyclable loan funds themselves rather than any risk to GMCA core funds.
- 1.2 The purpose of this audit was primarily to provide assurance over the processes in place for the administration of core recyclable loan funds which are directly administered by GMCA.
- 1.3 The audit also sought to confirm the levels of assurance received regarding the externally managed loan funds.

2. Audit Objective and Scope

- 2.1 The audit considered the documented systems, policies, procedures, and processes which support the administration of loan fund agreements, specifically examining the control framework across the following stages:
 - **Stage 1: Loan Assessment:** That all stages are documented from initial enquiry to approval stages including the request and submission of company information.
 - **Stage 2 Loan Appraisal:** levels of due diligence are carried out in line with expectations and takes account of the Authority's risk profile.
 - **Stage 3 Loan Approval:** stages of approval from initial recommendation to formal approval by GMCA Board and issuing of loan agreements. Compliance with delegated authority for sign off and procedures for managing any conflicts of interest.
 - **Stage 4 Monitoring and Reporting:** Procedures for performance monitoring and reporting on the portfolio as a whole and ensuring there is sufficient arrangements for oversight and scrutiny to ensure that the Authority is not over-exposed to any individual business / projects through cross funding between schemes
- 2.2 The audit reviewed a sample of loans and equity purchases made through the Core Investment Team during the last two years.
- 2.3 The audit also considered information received regarding the management of funds by external fund managers over scheme performance and management of any associated risks.

2.4 These agreements are not without risk and some level of default is expected across the schemes. Whilst it is not the aim of this audit to look at how defaults on loans are forecast and dealt with, we have considered the risk profiling of deals prior to approval and how this fits into the overall risk appetite of the Authority.

2.5 Limitations

This audit did not examine the processes for the payment and recovery of loan amounts or whether the loans approved represented value for money.

The accounting arrangements for investment funds was not in scope.

Housing Investment Loan Fund (HILF) was specifically excluded as these funds have been audited separately in recent years.

Note: The loan approval process for external managed funds was not included, but we did consider what assurances GMCA receive and the oversight and reporting arrangements for CBILS and Bounceback loans managed by Manchester Growth Company (MGC). Following initial discussion, a decision was taken not to include this as part of the CIT report but to consider as part of a separate audit on MGC/COVID response.

3. Background

3.1 A breakdown of the main investment funds is shown below.

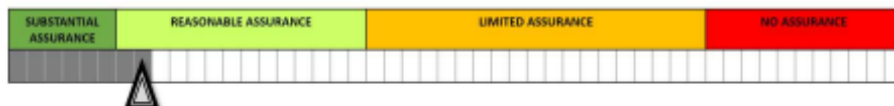
Fund	GM Housing Fund*	Core Funds	Life Sciences Fund	NW Evergreen Fund	Evergreen 2	GM Low Carbon Fund	Bounce Back Loan Scheme	CBILS
Fund Size	£300m	£70m	£31m	£60m	£45m	£15m	£10m	£1.5m
Loans administered by	GMCA	GMCA	Catapult	CBRE			Growth company	Growth Company

Note: Other funds were identified as part of the audit planning work, but these were confirmed to be grant funding and not loans and as such were excluded from the scope of the audit. * Some HIF schemes have been transferred so that the funding is provided by Growth Deal Funds and as such the risk is now carried by GMCA rather than being covered by the Central Government Guarantee however the loan process for these schemes is identical as for HIF funded projects and so these have not been separately identified.

- 3.2 The GMCA Core Investment Team are responsible for administering the use of GMCA recyclable funds including Housing Investment Loan Fund (HILF), Regional Growth Fund (RGF) and Growing Places funds. Historically RGF and Growing Places funds were administered separately with RGF funds being utilised for business loans and Growing Places for commercial loans, however while the two funds remain separate for accounting purposes they are now administered as a single funding pot which can be used for both business and commercial loans including deals which are structured around the purchase of equity. This allows flexibility based on the demand for loans and minimizes the impact of any loan defaults on the overall fund portfolio.
- 3.3 During the 2020/21 financial year, ten loans were approved from these 'Core Funds' totalling over £20 million. This is significantly higher than in 2019/20 where 7 loans were approved which totalled £2.4 million.
- 3.4 The Core Investment Team also have oversight of Low Carbon, Evergreen and Life Sciences funds, which are externally managed meaning GMCA does not have direct involvement in the administration and approval of individual loans decisions.
- 3.5 GMCA also has a capital investment in the Bounce Back Loan Scheme (BBLS) administered by the Growth Company of £10 million. Whilst GMCA have no oversight of the individual loans administered the investment is to be paid back over 6 years, either from the companies receiving the loans or where those companies fail by a claim to the government backed guarantee that underwrites the scheme. Similar arrangements are in place for GMCA's £1.5 million investment in the Growth Companies CBILS (Coronavirus Business Interruption Loan Scheme).

4. Audit Opinion

- 4.1 We provide a reasonable assurance opinion over the loan approval process for core recyclable funds. There is general compliance with the control framework encompassing effective assessment, appraisal, approval, and monitoring of loans. The Chief Executive Appraisal Sub-Group acts as a gateway for all loan approval decisions and our review showed this provided robust challenge to proposals being submitted prior to approval.
- 4.2 We make a small number of improvement actions to the design of the overall control framework to better capture and record steps that are taking place at an operational level and changes that have taken place since the funds were initially set up.



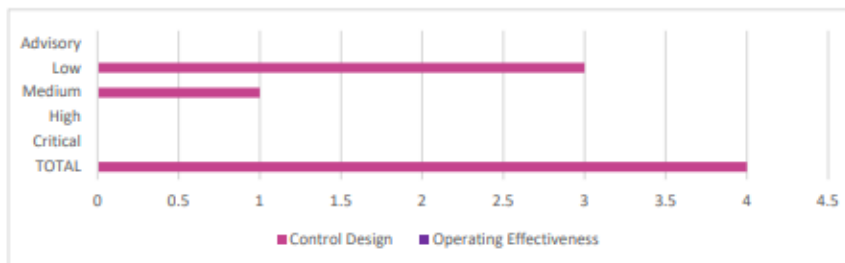
The scoring is based on the rating mechanism provided in Appendix 1

5. Summary of Exceptions/Areas for Improvement

Finding	Risk Rating				
	Critical	High	Medium	Low	Advisory
1. Loan proposals and approvals are not always explicit in evidencing conformance with conditions set out in the GMCA Investment Strategy or where exceptions are made.				X	
2. The terms of Reference for CEX ASG requires review and update			X		
3. There is no formal methodology in place for the setting of loan interest rate calculations.				X	
4. Any declarations of interests by CEX ASG members or CIT staff are made as and when they arise. There is no formal register of personal or business interests maintained.				X	
TOTAL	0	0	1	3	0

Control design vs Operating effectiveness

The table below shows how many of the audit findings relate to issues in the design of controls (Control Design) and how many are as a result of controls not being applied effectively (Operating effectiveness).



6. Organisational implications

- 6.1 The National Audit Office (NAO) are conducting a series of investigations into CBILS and Bounce Back Loan Schemes and the outcome of these should be considered particularly in relation to fraud risks and non-repayment of loans.
- 6.2 The onset of Coronavirus pandemic and the availability of other specific Covid-19 related grants to businesses has affected the take up of GMCA investment loans and there is a need to consider how access and availability to these type of loans is publicised to boost overall take up and to meet scheme objectives. The Core Investment Team have a Business Development Lead who is working with the team to drive forward market awareness of availability of funds as we emerge from Covid-19 restrictions.

SUPPORTING FAMILIES PROGRAMME



INTERNAL AUDIT REPORT

Supporting Families Programme

FINAL

<p>Assurance Classification: We have not issued a formal assurance opinion based on the audit work performed as the criteria for determining assurance opinions varied across all GM Districts and are therefore not directly comparable.</p> <p>However, assurances received were POSITIVE overall.</p>	N/A
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Reference: 2021/22-Q2

Draft Report Issued: 29 November 2021

Final Report Issued: 10 December 2021

Audit Sponsor: Jacob Botham, Principal, Public Service Reform

Lead Auditor: Damian Jarvis

EXECUTIVE SUMMARY

1. Introduction

- 1.1 The Supporting Families (formally Troubled Families) Programme provides funding to Greater Manchester Local Authorities to enable them to provide appropriate support to an agreed number of vulnerable families that meet the national eligibility criteria. GM has a unique agreement with central Government to operate the programme on a city-regional basis receiving funding through GMCA's GM Reform Investment Fund. In practice this means GM operates outside of the national financial framework including the payment by results model. The main driver for this is to better enable GM to invest more upfront in service transformation activity, whilst still delivering on the requirements of the national programme.
- 1.2 As part of this agreement, GM introduced a set of standards and bespoke audit process to provide the necessary assurances to both Government and GMCA that GM Districts are meeting the minimum expectations of the national programme.
- 1.3 This report provides the outcome of the latest Internal audit reviews conducted by GM District Audit teams and provides a consolidated summary of assurances received, highlighting any significant concerns and common issues arising.

2. Audit Objective and Scope

- 2.1 The audit required GM District Audit Teams to provide assurance that local systems designed to support the delivery of the Supporting Families Programme (SFP) are sufficient and demonstrate compliance with the key requirements and standards of the updated Greater Manchester audit framework (appendix 2).
- 2.2 To reflect the changing nature of the delivery model and the impact of Covid-19, the audit also sought assurance over the following areas:
 - The response to the impact of the Covid-19 pandemic on service delivery.
 - The extent to which the Local Authority is responding appropriately to the self-assessment findings of the Early Help Systems Guide that was completed in 2020/21.
 - A continued focus on the role of partner organisations.

Limitations

- 2.3 This report places emphasis on the work undertaken by GM District Audit Teams and the assurances received following the conclusion of their work. The criteria for determining assurance opinions varies across all Districts and are therefore not directly comparable.
- 2.4 Most of the Districts have reported by way of exception, identifying only areas requiring improvement.

- 2.5 One District did not offer an assurance opinion, this was due to the timing of this review, which coincided with OFSTED work and the Early Help redesign being launched. As such, a progress update report was provided and they will seek to ensure that assurance requirements for the Supporting families programme and the Early Help System guide assessment are taken into account as part of the redesign programme. Further work will be undertaken in 2022 aligned to GM reporting requirements.
- 2.6 One District did not provide sufficient breakdown of findings and conclusions to allow for inclusion in the consolidated report.

3. Organisational implications

- 3.1 The Autumn budget and spending review announced continuing funding for an extended supporting families programme, which included an additional £200m of investment. This is around a 40% real-terms uplift in funding for the programme by 2024-25, taking total planned investment across the next three years to nearly £700m. This funding will help up to 300,000 more families facing multiple issues access effective whole-family support and improve their life outcomes
- 3.2 At the time of writing, discussions around the funding model for the Supporting Families programme are still taking place and are not yet signed off by Ministers. GM is also waiting for confirmation around whether it will receive funding as a city-region through the 'earned autonomy' funding model and the level of funding it can expect to receive. Having a bespoke audit process strengthens the case for GM to continue to receive funding through the this existing arrangement.

4. Audit Opinion

- 4.1 The assurance ratings given by GM Districts generally presented a **positive assurance opinion** on the key elements of the Supporting Families programme. There were no low-level assurance opinions given and opinions were broadly consistent with those given previously in 2019.
- 4.2 There were no significant 'red flag' risks brought to our attention in the reports which required immediate attention or oversight by GMCA.
- 4.3 These assurances provide comfort that local systems designed to support the delivery of the Supporting Families programme are generally effective and compliant with the key requirements and standards of the GM SFP Framework.
- 4.4 A summary of the key issues identified by the ten GM Districts across the eight key process areas shown in the Audit and Monitoring framework is shown at **Section 6**, with a summary of the overall conclusions and any recurring themes as follows:

- Reports from GM Districts referred to initial findings from their self-assessment against the Early Help System Guide conducted during 2020 as a means for ongoing service programme redesign for the delivery of the Early Help offer and refreshment of whole family strategy. The implementation of new replacement case management systems and development of robust management information were also seen as barriers which had impacted on working practices and consistency of processing.
- District reports did show some evidence of non-compliance with expected key controls and inconsistency in the adequacy of caseload records. Where appropriate recommendations were given to address these.
- Audit recommendations for improved controls were made by 7 out of the 10 GM Districts including Bolton, Bury, Manchester, Stockport, Tameside, Trafford, and Wigan. Implementation monitoring of these actions will be completed by the Districts.
- There were no recommendations for improvements in reports submitted by Salford, Rochdale, and Oldham.

4.5 Key themes:

- **Systems and Data:** Several Districts referred to the lack of an integrated case management system which can be utilised and accessed by all partners including schools. This presented ongoing risks at partnership level over the use of data and performance information to improve data quality, accessibility, and efficiency, understanding and analysis.
- **Partner Organisations:** Whilst some Districts reported positively over their approach to partnership working, several Districts evidenced issues with Partnership organisations particularly with the quality of case management documentation, gaps in information recorded on systems; and the adequacy of oversight and monitoring arrangements. It was not clear whether there were quality assurance processes in place at all Districts.
- **Covid-19:** The impact of Covid-19 and lockdown on families is yet to be fully understood. Several reports referenced a higher number of referrals for SPF Keyworkers due to an increase in Children's and parental mental health issues within families, domestic abuse and first line response. Most Districts said they had adapted and responded positively to the challenges posed by Covid-19 with several measures introduced and ongoing learning to inform future service delivery.
- **Early Help Systems Guide:** Most Districts understood the key priority areas and had governance arrangements in place to oversee and report progress on these.

- 4.6 We make no immediate recommendations as part of this report and management should consider the assurances received and findings from this report to inform future discussions with Early Help Leads.

5. Management Response

- 5.1 The absence of any 'red flags' from the individual audits suggests GM Local Authorities continue to deliver support to families in line with our shared standards for the Supporting Families programme here in Greater Manchester and the broad expectations of DHLUC's Supporting Families Unit. It is acknowledged that issues highlighted for improvement in the audit reports will be picked up through local improvement plans agreed between local audit teams and Local Authority Early Help teams and monitored through local governance arrangements. Where there are issues identified that apply to several GM Authorities these will be discussed at relevant GM forums. These include the GM Early Help Group (attended by the Strategic Leads for Early Help from each GM Local Authority and GMCA and responsible for providing strategic direction around Early Help including the Supporting Families programme), the GM Supporting Families Analyst group (attended by lead analysts responsible for Supporting Families) and the GM Early Help Community of Practice (bringing together lead officers to focus on improving practice and sharing innovative local approaches).

GMCA Audit Committee

Date: 21 January 2022
Subject: Audit Action Follow up
Report of: Sarah Horseman, Head of Audit and Assurance

PURPOSE OF REPORT

This report advises Audit Committee of the progress to date in implementing the agreed actions from internal audit assignments.

This report was prepared for the January 2022 Audit Committee. A further quarterly update will be provided at the next Audit Committee meeting.

RECOMMENDATIONS:

Members are asked to review the progress of the implementation of Internal Audit actions.

CONTACT OFFICERS:

Sarah Horseman, Head of Audit and Assurance - GMCA,
sarah.horseman@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS:

N/A

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?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1 Introduction

- 1.1 The GMCA Internal Audit Plan comprises a range of audits agreed by Senior Leadership Team and Audit Committee. Each audit assignment concludes with the issue of an audit report and agreed actions for implementation. Each action has a named responsible officer and an agreed target implementation date.
- 1.2 Internal Audit has responsibility for the follow up of all audit actions and reporting to Audit Committee on progress made.
- 1.3 This report provides an overview on the latest position of Internal Audit actions which were outstanding prior to this meeting.

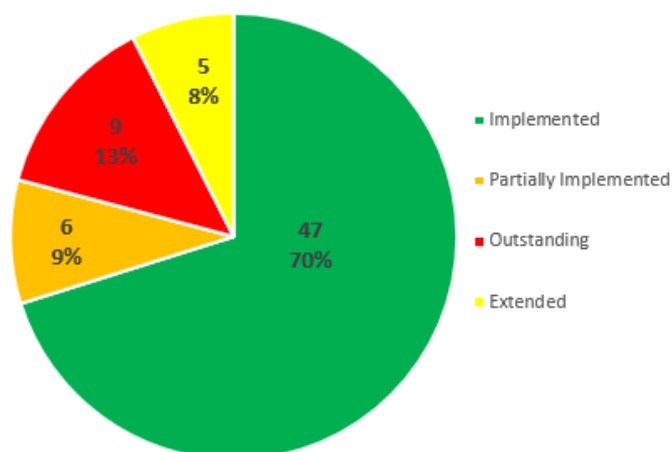
2 Agreed Process

- 2.1 It is the responsibility of management to implement audit actions on time and provide updates for the tracker. To aid facilitation of this, Internal Audit maintains the action tracker which is shared with risk owners to capture updates on progress of outstanding actions.
- 2.2 GMCA Senior Leadership Team retains responsibility for overseeing the timely implementation of all audit actions and assessing the impact on risk.

3 Current Status

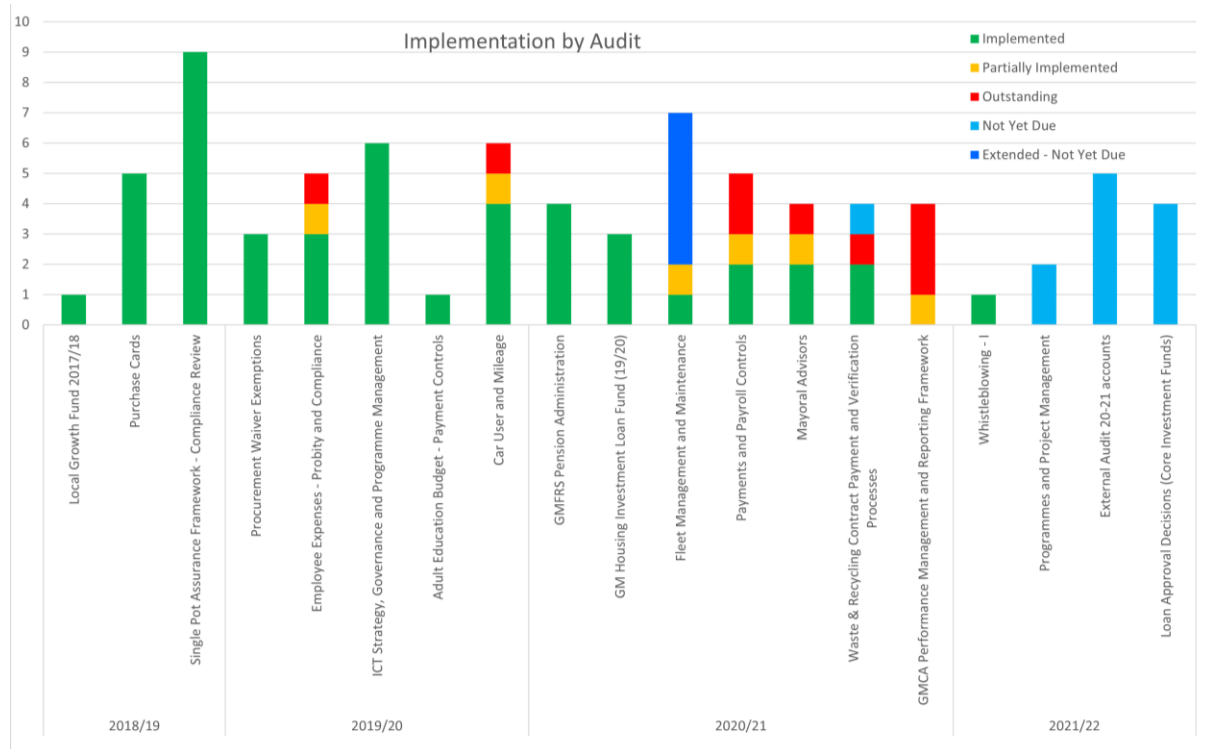
- 3.1 As at January 2022, 70% of audit actions due in the last 2 years have been implemented, against our target rate of 85%.

This represents a slight fall from the Q2 position of 80% and is as a result of several new actions falling due during the period and the “dropping off” of 14 previously implemented actions from older audits (>2 years ago).



4 Analysis of Audit Actions – by Audit

4.1 The chart below shows the status of implementation of audit actions by audit.



4.2 The longstanding actions in relation to two reports (Employee Expenses and Car User and Mileage) are nearing completion. The policies received approval from GMFRS Exec Board on 11 January 2022 and will be submitted to the Joint Trades Union Meeting later this month. Following this, Management can commence roll out of these policies across GMFRS

4.3 Several actions have been extended to take account of revised implementation timescales. These relate to five actions from the Fleet Management and Maintenance Audit which were reported to Committee in September 2021 and three actions from the Performance Management Reporting Framework audit. The planned re-launch of the revised Greater Manchester Strategy, Corporate

Plan and Business Plans have been postponed to February 2022 due to Covid-19 pressures which will delay implementation of these.

- 4.4 Where due dates have been extended these actions are shown in the table and we will continue to monitor progress on these and report to audit committee when these become due.
- 4.5 Details of outstanding and partially implemented actions and responses on progress have been included at **Appendix A** to allow Members opportunity to consider these.

5 Analysis of Audit Actions – by Risk Rating

- 5.1 The table below shows the status of audit actions by the risk rating of the associated audit finding.

Action Status	Total	Critical (Major)	High (Significant)	Medium (Moderate)	Low (Minor)
Implemented	47	2	15	25	5
Partially Implemented	6	2	1	2	1
Outstanding	9	0	3	4	2
Not Yet Due	12	0	0	5	7
Extended - Not Yet Due	5	0	1	3	1
Total	79	4	20	39	16

- 5.2 The number of actions being tracked this quarter has reduced as we have removed all implemented actions where the target date was over 2 years old. This will help to provide a stable comparison of implementation rates across periods going forward.
- 5.3 Actions that are over 2 years old but have not been fully implemented will not be removed from the tracker until the actions have been completed and reported on.

Status of Overdue Actions at January 2022

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
Employee Expenses - Probity and Compliance (July 2019)	Major	<p>Audit Finding Policy and Procedures: The priority should be the establishment and roll out the HR policy framework for employee expenses, car user mileage and other related policies including purchase cards. This will require consultation and clearance with the Trades Unions.</p> <p>Management Action Actions will be the responsibility of the Payroll and Pensions Manager</p>	March 2020	Payroll and Pensions Manager	Partially implemented	<p>For non-uniformed staff, the green/red book "GMCA Travel, Mileage and Expenses Policy" was launched in January 2021 and is published on the intranet. COMPLETED.</p> <p>The Grey / Gold book policy was initially launched 11th May however it was temporarily withdrawn due to an issue over insurance cover for those on detached duties.</p> <p>Separate Insurance Cover for detached duties has been purchased and the policy has been updated to reflect this.</p> <p>The revised policy was submitted to GMFRS Exec Board for approval on 11 January 2022 and will go to the Joint Trade Union Meeting on 20 January 2022 for approval prior to publication.</p>

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
Employee Expenses - Probity and Compliance (July 2019)	Minor	<p>Audit Finding VAT: Consideration should be given to the process for reclaiming VAT on relevant VAT expense claim transactions.</p> <p>Management Action Agreed</p>	March 2020	Payroll and Pensions Manager	Outstanding	In the expenses audit it was identified that GMCA do not routinely claim VAT back on expenses because historically there was insufficient supporting evidence from expense claims to do so. Following the introduction of the on-line expenses system the payroll and finance teams will now work to establish a process for facilitating VAT reclaims. The action was agreed that the proposed process for reclaiming VAT will be reviewed once the policies for claiming expenses had been finalised. This will be completed by end of March 2022.
Car User and Mileage (June 2020)	Major	<p>Audit Finding Policies and Procedures: The priority should be the agreement and roll out of a single, up to date GMCA Car User Mileage Policy and procedural framework.</p> <p>Management Action An Employee Travel, Mileage & Expenses Policy which details claims which can be made through Payroll, to be drafted for consultation.</p>	June 2020	Payroll and Pensions Manager	Partially implemented	See previous comments on policy approval and roll out.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
Payments and Payroll Controls (April 2021)	Medium	<p>Audit Finding GMFRS Cheque Book Account: A cheque book Fire imprest account is used, but controls over the use of this account require review.</p> <p>Management Action The cheque book account will be closed, unless there is a business need for the continued operation of this account. The decision to close the account or not should consider alternative payment routes and processes for any 'miscellaneous' payments types for which the account is ordinarily used which don't fit existing creditor or employee expenses payment procedures.</p>	June 2021	Head of Finance (Management Accountancy) & Associate Partner, Transaction Finance	Outstanding	There has been no cheque activity since the start of the financial year. Management are seeking to close this account by April 2022.
Payments and Payroll Controls (April 2021)	Medium	<p>Audit Findings Retrospective Purchase Orders: Up to a quarter of the 'supported payments' made during the period tested were paid against a retrospective purchase order, including a number of aged invoices up to 12 months old.</p> <p>Management Action Further control measures are required to reduce the number of instances of unsupported payments and raising of retrospective purchase orders for supplies of works, goods, and services. Measures should include:</p> <ul style="list-style-type: none"> • Publicising the GMCA No Po No Pay policy • verbal orders are not acceptable and there is a requirement to issue a PO at the point of ordering. • Exchequer Services to continue to reject payment of invoices without valid Purchase Orders. • Regularly report on organisational performance as part of Finance/Exchequer KPIs. 	September 2021	Deputy Treasurer & Head of Finance (Corporate & Technical)	Outstanding	<p>Exchequer Services continue to reject invoices without a purchase order and to publicise the no PO no pay policy.</p> <p>The team is currently considering the best way to push this message out to the wider organisation and how best to monitor the success of the messaging. It is thought that initially targeted training could be the best approach and as such work is beginning with the systems team over how to extract the relevant</p>

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
		<ul style="list-style-type: none"> Carry out further analysis to identify any Directorates causing concern. 				information from the system.
Payments and Payroll Controls (April 2021)	Low	<p>Audit Finding Risk of duplicate payments: There are several controls to consider reducing the likelihood of duplicate payments occurring or increase the likelihood of detection.</p> <p>Management Action Supplier Masterfile: Regular cleansing of the supplier Masterfile will be carried out to remove any duplicated or obsolete supplier IDs or those not used for an extended period (e.g. +12months).</p> <p>Grant Payments: There should be a consistent methodology for referencing grant payments within BWO. This should include period/year.</p> <p>Invoice Input: Ensuring invoice references are correctly input including consistent process for grant invoices, supplier credit notes and supplier invoices within BWO.</p> <p>Duplicate Payment Detection: In addition to the existing automated duplicate payment reports within BWO, and those conducted through the National Fraud Initiative data matching exercise, the finance team will consider other opportunities for enhanced duplicate payment data matching.</p>	September 2021	Associate Partner, Transaction Finance	Partially Implemented	<p>The Exchequer Team undertake several automated and manual checks for duplicate payments on a regular basis. Exchequer Manager is liaising with the systems team to identify the option of enhanced duplicate payment reports.</p> <p>Work in cleansing the supplier database is ongoing.</p> <p>Exchequer Services continue to reject invoices without a purchase order and to publicise the no PO no pay policy.</p> <p>The Exchequer Manager and Finance Manager are currently looking at how to</p>

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
						best communicate that retrospective purchase orders should not be used, and orders should be raised in advance. As part of this they are also looking at how the system can report on who is raising retrospective orders and whether targeted training would be more beneficial.
Waste & Recycling Contract Payment and Verification Processes (June 2021)	Low	<p>Audit Finding</p> <p>Verification checks are not undertaken on the percentage recycling rates provided by Suez and used in the payment mechanism.</p> <p>Management Action</p> <p>a) Waste Contract Team to liaise with Suez to determine the level of documentary evidence to be provided to corroborate the accuracy of figures included in the billing calculations.</p> <p>b) Waste Contract and Finance teams to agree a process for checking and verifying these figures going forward. This should include a 'reasonableness' check on acceptable fluctuations.</p>	31/10/21	Justin Lomas / Richard Booth / Simon Ashworth	Outstanding	Awaiting confirmation that the action has been implemented.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
Fleet Management and Maintenance (April 2021)	Medium	<p>Audit Finding Service Maintenance Charges & Budget Monitoring: The process for allocating and apportioning costs aligned to budgets should be reviewed.</p> <p>Management Action A full review of the mechanism for the charging and recharging of vehicle and equipment maintenance costs will be carried out. This will include consideration of the following:</p> <ul style="list-style-type: none"> • GMFRS Internal recharging mechanism, • Apportionment calculations for labour and overheads charged to budgets, • Staff timesheets and hourly rates charged, • Budget allocations, monitoring and reporting. 	September 2021	Head of Finance (Management Accountancy)	Partially Implemented	The recharges that have taken place for the current financial year have been reviewed and the Finance Team do not believe that the current system adds value, as such the transactions have been reversed and action is underway to cease all further recharges. Budgets will need to be realigned to account for the centralising of costs going forward but it is felt this will provide more accountability over fleet costs.
Mayoral Advisors (June 21)	High	<p>Audit Finding The governance arrangements over Mayoral Advisors is informal and inconsistent</p> <p>Management Action In line with the recommendations of the Strategy and Policy Team's discussion paper, a set of principles and protocols for the operation of Mayoral Advisors will be established, including at a minimum: a role description, clearly defined expectations, declarations of interest, gifts and hospitality recording, terms of office, and progress / activity reporting requirements.</p> <p>How the Advisor works within the governance structure of GMCA will also be clearly defined.</p>	30 Sept 2021	Andrew Lightfoot, Deputy Chief Executive	Implemented (subject to verification)	<p>All Advisor appointments will be considered and approved by the GMCA Resources Committee going forward. LGBTQ+ Mayoral Advisor contract extension submitted to Resources Committee in Dec 2021.</p> <p>Awaiting confirmation of contract status for each of the Mayoral Advisors.</p>

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
Mayoral Advisors (June21)	Medium	<p>Audit Finding There is a lack of transparency over the work of the Mayoral Advisors and advisory panels</p> <p>Management Action The GMCA website will include a page for each Mayoral Advisor and advisory panel/group/task force, which is kept up to date with basic information such as: terms of reference, members lists, informal records of meetings, recent and planned activities, progress reports, and formal annual reports. Where an Advisor steps down or a panel is discontinued, this should be made clear on the website.</p>	30 Sept 2021	Andrew Lightfoot, Deputy Chief Executive	Partially Implemented (subject to verification)	Annual progress reports will be submitted the full GMCA going forward. The first reports from the Advisory Panels was considered at the meeting on 10 th September 2021.
GMCA Performance Management and Reporting Framework (June21)	High	<p>Audit Finding Develop and agree a GMCA Performance Management Framework.</p> <p>Management Action The principles for a defined GMCA-wide performance management framework should be set out in a report to the GMCA Board for approval. This should be developed in consultation with Directorates / SLT to ensure full engagement and agreement with the principles. This should include, at a minimum:</p> <ul style="list-style-type: none"> • an agreement of the need for a succinct but comprehensive set of KPIs / measures / outcomes (to be defined within the annual Business Plan). • the frequency at which these measures will be calculated and reported; and, • the forums / groups (both internal and external) that will have sight of and scrutiny/challenge over the reported figures. 	30 Sept 2021 (Extended to April 2022)	Andrew Lightfoot, Deputy Chief Executive	Partially Implemented (subject to verification)	<p>A suite of Corporate and Directorate KPIs has been developed and agreed by SLT. These KPIs will be reported Quarterly, commencing third quarter 2021. These mainly relate to corporate health indicators.</p> <p>Delivery performance metrics to be included in the revised Corporate Plan and Business Plans.</p> <p>The Terms of Reference of the GMCA Resources Committee will be expanded to incorporate responsibility for oversight of GMCA performance.</p>

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
GMCA Performance Management and Reporting Framework (June21)	Medium	<p>Audit Finding Ensure alignment between the GMS and GMCA Business Plan priorities, including specific and measurable targets and timescales.</p> <p>Management Action</p> <p>a) The refreshed GMS and implementation plan should clearly identify those actions/activities that are the responsibility of the GMCA to deliver (either wholly or as a partner/influencer).</p> <p>b) All such actions/activities should be included in the GMCA Business Plan to ensure that there is a direct and explicit link between Business Plan priorities and GMS priorities.</p> <p>The GMCA Business Plan should, wherever possible, include defined and measurable targets and timescales for the delivery of planned activities.</p>	30 Sept 2021 (Extended to April 2022)	Andrew Lightfoot, Deputy Chief Executive	Extended Proposal to extend the deadline to April 2022 in line with refreshed GMS	The re-launch of the revised Greater Manchester Strategy (GMS) and the new corporate business plan (3yr) and (1yr) business plans has been postponed to February 2022. These will include alignment / prioritisation of GMCAs delivery and performance metrics. Work has been undertaken to collate corporate health metrics, directorate performance metrics and headline milestones for the year.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (Jan 2022)
GMCA Performance Management and Reporting Framework (June21)	High	<p>Audit Finding Report on actual delivery against the KPIs and Business Plan activities.</p> <p>Management Action In line with the performance management framework designed as a result of Finding 1 above, directorates should report actual performance against the KPIs, targets and timescales of activities as defined in the Business Plan to the forums and at the frequency as agreed in the framework.</p> <p>The format of such reporting should be presented in a dashboard / RAG-rated format with brief supporting narrative, and should link to, or incorporate, financial reporting.</p>	30 Sept 2021 Extend April 2022	Amy Foots, Head of Implementation, Strategy and Policy	Partially Implemented	A suite of Corporate and Directorate KPIs has been developed and agreed by SLT. These KPIs will be reported Quarterly, commencing third quarter 2021. The Terms of Reference of the GMCA Resources Committee will be expanded to incorporate responsibility for oversight of GMCA performance in October 2021.
GMCA Performance Management and Reporting Framework (June21)	Medium	<p>Audit Finding There is a lack of corporate visibility over all active programmes and projects being delivered.</p> <p>Management Response</p> <ul style="list-style-type: none"> • Register of Grant funded Programmes: To develop a corporate register of all grant funded programmes, projects, and initiatives. • Finance Governance: Development of a gateway process which enables alignment of project/schemes to strategic priorities and ensures robust financial oversight and approvals for all new funding to ensure adherence to GM Local Growth Assurance Framework and CIPFA Financial Management Code of Practice. • Resources Committee: To introduce quarterly finance and performance reporting to GMCA Resources Committee who will have responsibility for oversight and monitoring of funding and spend. 	30 Sept 2021	Steve Wilson, Treasurer	Outstanding	We have not received an update against this action

GMCA Audit Committee

Date: 22 January 2022

Subject: Planning for 2021/22 Audit Opinion

Report of: Eamonn Boylan, Chief Executive Officer

PURPOSE OF REPORT

This report sets out the activities that have taken (or will take place) during 2021/22 in order to demonstrate robust arrangements are in place within GMCA around risk management, governance and internal control such that evidence can be provided to the Head of Audit and Assurance to inform the annual Head of Internal Audit Opinion that is required by Public Sector Internal Audit Standards.

RECOMMENDATIONS:

Audit Committee is requested to note this report

CONTACT OFFICERS:

Eamonn Boylan, Chief Executive Officer

Risk Management – see paragraph

Legal Considerations – see paragraph

Financial Consequences – Revenue – see paragraph

Financial Consequences – Capital – see paragraph

Number of attachments included in the report: 0

BACKGROUND PAPERS:

- Head of Internal Audit Opinion 2020/21

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?		
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

Planning for 2021/22 Audit Opinion

1. Introduction

1.1 This report sets out the activities that have taken place or will take place during the 2021/22 financial year, in order to demonstrate robust arrangements are in place within GMCA around risk management, governance and internal control such that evidence can be provided to the Head of Audit and Assurance to inform the annual Head of Internal Audit Opinion that is required by Public Sector Internal Audit Standards.

2. Background

2.1 The Head of Internal Audit is required, under the Public Sector Internal Audit Standards (PSIAS), to provide an annual report summarising the work undertaken by internal audit during the financial year and to provide an overall opinion of the adequacy and effectiveness of the organisation's framework of governance, risk management and internal control.

2.2 In 2020/21 the Head of Internal Audit provided a "limited" assurance opinion. Whilst audits of internal controls generally provided assurance of their effective design and operation, the opinion was reflective of the fact that some of the wider governance and organisational risk management arrangements were yet to develop to a mature and consistent state.

3. Management Response

3.1 The GMCA Chief Executive Management Team (CEMT) are keen to ensure that the Head of Internal Audit Opinion for 2021/22 shows improvement from the previous opinion. GMCA have undertaken a number of activities during the year to address previous audit actions and to embed risk management arrangements.

3.2 CEMT and GMCA as a whole are committed to making, and evidencing, improvements to those areas identified in the previous audit opinion that contributed to the limited assurance rating as well as continuing to demonstrate a robust internal control environment. The following sets out the activities undertaken this year in relation to each of the areas considered within the opinion.

4. Corporate Governance

4.1 The opinion in relation to Corporate Governance was impacted due to two audits that were undertaken in 2020/21 which provided limited assurance in relation to governance arrangements. These were Mayoral Advisors and Performance Management. Actions were agreed as part of both of those audits, the current status of those is:

(i) Performance Management:

A set of corporate performance metrics has now been agreed across the organisation, along with a Corporate Calendar of key events/milestones and a corporate

performance dashboard. This was piloted before Christmas and will be fully trialled in January based on Q3 21/22 data.

This will be further refined and fully implemented from April 2022 on a quarterly basis.

The Senior Leadership Team will review these metrics each quarter and discuss any corporate wide concerns/priorities for the following quarter.

A dashboard of key performance information will also be presented to the GMCA Resources Committee on a quarterly basis including financial performance data.

(ii) Mayoral Advisors

The actions from the Mayoral Advisors audit have been implemented. In addition further work has been undertaken to ensure there are clear and transparent process in place for the appointment of advisors. This will include all future appointments being subject to Resources Committee approval, with terms and conditions and remuneration on public record.

Any advisors will be required to complete declaration of interests and advisors will be prohibited from bidding from CA contracts for term of their appointment

4.2 In addition to the specific responses to the two areas described above GMCA will take further action to embed the improvements in corporate governance delivered over the past two years, this will include:

- Reviewing and refreshing the GMCA counter fraud policies .
- Provide all necessary support to the internal audit of governance in Q4 21/22, including prompt management responses and delivery of agreed actions.
- Ensure prompt delivery of all remaining open audit actions including working with the SLT and CEMT to address any areas where actions are not being delivered on time.
- Use of the GMCA Senior Leadership team (SLT), GMFRS Exec team and CEMT to disseminate key issues which arise from the work of the internal audit team including key individual issues, any themes of concern and to share examples of best practice

5. Risk Management

5.1 A new GMCA Risk Management Framework had been approved and launched in Q4 of 2020/21. At the time the audit opinion was developed there had not been sufficient time to fully roll out and embed the framework across the organisation. A risk management maturity assessment undertaken in Q4 of 2020/21 categorised the maturity of risk management arrangements as “Emerging” .

5.2 Since then, significant work has been undertaken across the organisation to formally develop and standardise Directorate risk registers. This is in addition to the regular review by SLT of organisational and strategic risks that had happened historically.

5.3 Another risk management maturity assessment will take place in Q4 2021/22 which we hope will demonstrate consistent progress in developing our risk management arrangements and moving us up the risk management maturity scale to be “Conforming” with a view to further progress in future years.

6. Internal Control

6.1 The internal audit work undertaken in 2020/21 did not identify any concerns over systemic non-adherence to internal controls. We have continued to provide the necessary engagement and support to the Internal Audit team throughout 2021/22 to support the delivery of the risk-based internal audit plan which will provide assurance over internal controls.

6.2 To date in this financial year, no limited assurance internal audit reports have been issued.

6.3 A number of historic audit actions in relation to standardising and publishing policies relating to expenses and car mileage claims were noted as progressing slowly in last year’s opinion. Those actions have now been completed with the new policies approved and implemented.

6.4 Our implementation rate of audit actions has ranged from 77% - 83% across the year to date. We will continue to focus on improving the implementation rate to exceed our target of 85% by the end of 2021/22.

7. Recommendations

7.1 Audit Committee is requested to note the report

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GMCA Audit Committee

Date: 21 January 2022
Subject: Risk Management Update Report
Report of: Head of Audit and Assurance, GMCA

PURPOSE OF REPORT:

The purpose of this report is to inform Members of the Audit Committee of the risk management activities undertaken since the last Meeting and to present responses to specific questions raised by the Audit Committee around risk.

RECOMMENDATIONS:

Audit Committee is requested to note the report.

CONTACT OFFICERS:

Sarah Horseman, Head of Audit and Assurance - GMCA,
sarah.horseman@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS: N/A

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?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1 Introduction

This report provides an update on progress with the implementation of the GMCA Risk Management Framework since the last update to the Committee on 30 September 2021.

2 Risk Management Framework Implementation Over the Period

Positive progress has been made as directorates actively develop their own directorate risk registers. As this is being driven through discussion at Management Team meetings, we will secure senior level risk ownership and initiate a culture of regular risk review. For the first time, we are now beginning to see the nature and breadth of risks across our directorates.

Risk workshops continue to be facilitated with support from the Corporate Risk Manager from Transport for Greater Manchester who provides guidance, undertakes regular reviews and shares any common themes between teams. The workshops are providing the opportunity to:

- Encourage people to articulate their own risk context and consider if they may create impacts across other portfolios;
- Help colleagues to think 'corporately' by identifying common themes that may be 'Organisational' in nature;
- Understand how the successful management of their own risks can positively mitigate risks at the organisational and strategic levels; and
- Identify risks requiring cross-directorate collaboration to mitigate.

To date the following workshop discussions have been facilitated,

- Digital (1);
- Environment (x2);
- EWS (1)
- Finance (x2).
- Governance (1);
- Human Resources (x2);
- Police, Crime, Fire and Criminal Justice (x2); and
- Public Sector Reform (x4);

A workshop being planned to update the register for Waste.

The Corporate Risk Manager has also shared a provisional set of risks for consideration by the Governance and Communication directorates. These will be confirmed within the central Corporate Risk Register upon approval.

A summary of progress made in developing the registers was given to the Senior Leadership Team meeting on 6th December where a collective commitment to ensure that risk review becomes an essential action for Management Teams was made. It also served to provide assurance that the emerging themes were fair.

Emerging risk themes

There are a number of common risk types and themes being raised through the risk registers. For example,

- Major GM projects where the risk arising may have significant impact external to the organisation, for example delivery of the full fibre network programme;
- Cyber security;
- Funding for digital inclusion activities;
- Easier access to accurate research and information;
- Information Security; and
- The ability to secure the necessary continuing funding to deliver meaningful change especially when long term funding sources end like European Social Fund.

Where these risks are not already recorded as organisational risks, they will be monitored and if/when appropriate documented as organisational risks.

Emerging links to the Organisational and Strategic Risk Levels

The Risk Workshops are helping directorates understand how to connect the management of their risks to the mitigation risks at higher levels. Going forward this provides a valuable input into risk reporting to the Senior Leadership Team (SLT) and Chief Executive's Management Team (CEMT).

Examples of these connections include:

- Lack of capacity within directorates due to short term COVID absenteeism or where teams judge themselves under resourced, (Org Risks OR1 and OR4);
- The operation of effective governance processes for Committee meetings during a pandemic, (Org Risk OR7);
- Ensuring effective intra-team and cross-directorate influence and communication; (Org Risk OR5);
- Completion of change and re-structuring programmes (Org Risk OR8); and
- Spending the funds and delivering the outputs from external programmes (Org Risk OR9, Strategic Risk SR6).

Next steps:

- Complete directorate risk registers;
- Undertake a calibration exercise to ensure risk assessments are consistent;
- Develop and communicate the governance that will provide regular challenge to the management of directorate risk registers;
- Ensure there are measures and means to demonstrate that actions/ controls are effective.
- Develop the mechanism that builds a culture of sharing good practice in risk management;
- Support directorates in the use of their risk profile to shape their management review and discussion; and
- Through the regular review and update of registers, demonstrate an active management of risks.

Progress with the agreed implementation plan for the Risk Management Framework is shown in Appendix A.

3 GMCA Corporate Risk Register – January 2022

The current GMCA Corporate Risk Register is provided overleaf. This contains:

- GMCA Strategic Risks – these are the risks that could impact the achievement of GMCAs objectives as set out in the Greater Manchester Strategy;
- Escalated Organisational and Directorate Risks – these are risks within the organisation with an inherent risk score of 16 or greater.

The Risk Register was reviewed by the Chief Executive's Management Team (CEMT) in January 2022.

Based on the progress as described in Section 2 above, directorates continue to develop their directorate risk workshops and so the directorate risks will develop, evolve and change as those risk management processes mature within directorates. The escalated risks show below are representative of what is currently contained in the risk registers, work is ongoing with directorates to continually review, challenge and refresh risks.

Strategic Risks (January 2022)

Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Mitigating Controls	Likelihood	Impact	Score	Trend
National political and economic environment	SR1	Levelling up/ devolution	National politics significantly impact the devolution agenda, funding and powers of GMCA.	National political agenda and priorities differ from GM priorities Poor relationships with central government	Devolved powers are reduced Access to funding is restricted Ability to influence devolution agenda is reduced	Eamonn Boylan, CEO	4	5	20	Stakeholder engagement - particularly building new narrative with Government and new Levelling Up Unit in No.10	3	5	15	↔
	SR3	Brexit	The implications of Britain's future trading relationship with the EU will take time to emerge - with both threats and potential opportunities	New Trading arrangements with EU and other countries post BREXIT	GM strategy (GMS) and GMCA business planning assumptions are impacted. Loss of future funding streams. Impact on future GM business growth.	Simon Nokes, Executive Director Policy & Strategy	5	3	15	Ongoing work to examine the consequences/opportunities) of the new trading relationship with Europe on the GM Economy via the Economic Resilience Group. International Strategy to be refreshed Ongoing Mayoral, Leaders and Chief Officer engagement with Government Departments - about implications on GM economy. Ongoing work with Government on future funding via UKSPF. CRF is a forerunner with GMCA managing the bidding process in GM. UKSPF details to follow in early 2022	5	3	15	↔

Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Mitigating Controls	Likelihood	Impact	Score	Trend
	SR8	Climate Change and Carbon Reduction	Failure to deliver on GM climate change initiatives within the required timescales with consequent impacts on achieving GM's long term carbon reduction targets.	The scale of the task (to reach the ambitious carbon targets set) is such that there are a number of potential causes of failure: lack of funding; lack of change levers; lack of partner support; lack of sufficient engagement with GM organisations, businesses and citizens; a change in political priorities; failure to successfully lobby national government and global oil, gas and electricity price changes.	Long term climate change risks to population, business and infrastructure. Systemic and complex nature of the issue results in delayed decision making & action. Reputational damage to CA. Risk of disruption from climate protests.	Mark Atherton, Environment Director	4	4	16	1. GM 5 Year Environment Plan (March19) – which includes immediate mitigation and adaptation measures and further innovation measures needed to meet the challenge. 2. Mission based approach being adopted to gain broad cross sectoral support and action. 3. Commitment of funding until March 22 from Retained Business Rates to support initial delivery against the agenda and external funding opportunities to support substantial change initiatives. 4. Media activity and annual Green Summit to share progress, encourage change and demonstrate Mayoral commitment. 5. Engagement with activist groups to share progress and raise awareness of constraints. 6. ELT group established to assist in embedding our response to the climate emergency across all directorates 7. Seeking a levelling up/decarbonisation deal with Government and also promoted GM activity on Low Carbon at COP26	3	3	9	↑

Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Mitigating Controls	Likelihood	Impact	Score	Trend
GM Operating Environment	SR2	GM operating environment	Failure to develop trust, cohesion and credibility with and between local GM system and partners	Ineffective stakeholder engagement Inability to effectively facilitate effective and transparent decision making across GM	Failure to effectively deliver outcomes of GMS due to lack of collaboration across GM network and partners.	Andrew Lightfoot, Deputy CEO	4	5	20	CEMT engagement with districts and partners ELT Group established Feb 21 "Working better as a GM family" - strengthen the impact and efficiency of GMCA, GMFRS and TfGM and enhancing relationships with other GM organisations.	3	3	9	↔
	SR5	Wider Impact on GMCA and GM District Finances of Covid-19	Covid 19 has had a major impact on the GM economy, population, and public services. In particular LAs have had to put in place measures to support residents and businesses putting at risk funding available for ongoing services as well as future ambitions	Covid 19 crisis and detrimental impact on LA finances plus Business Rates growth for 2021/22. This will significantly impact on CA finances too	1. Significant impact of Covid on demand on services, health of population, business profitability, and place based regeneration/ economic growth in GM 2. Likely deficit on Local Authority collection funds and a reduction in the overall Council Tax base which will reduce income from GMFRS, Mayoral and PCC	Eamonn Boylan	4	5	20	A new Greater Manchester Strategy has been developed based on learning from Covid, the 1 Year Living with Covid Plan and the Independent Inequalities Commission. This sets the direction of actions the GM system needs to take in order to 'recover' and move forward from Covid over the next 3 years (as part of a 10 year Strategy). It outlines joint objectives, commitments and ways of working around a fairer, greener, more prosperous GM in all parts of the conurbation. However the Covid-19 pandemic will continue to have a significant economic impact on GM residents, businesses and public services. Regular financial update reports to GMCA have been provided during the pandemic with a detailed analysis of	4	3	12	↑

Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Mitigating Controls	Likelihood	Impact	Score	Trend
					precepts in cash terms from 2021/22.					<p>areas affected, an analysis of government financial support and a review of the local impact on resources with agreement for managing financial risk across GMCA and GM Councils. Where appropriate this has been reflected in the approved budgets for 2021/22.</p> <p>GM Treasurers continue to meet fortnightly. A quarterly report providing an update on activity and system developments in support of the implementation of the Living with Covid Resilience Plan.</p>				
	SR6	GMS does not deliver desired outcomes for GM	Outcomes defined within GMS are less achievable given COVID	Social, behavioural and financial impacts of COVID affect the timescales of delivery of GMS outcomes	GMS does not meet the changed needs of GM now or in the future.	Simon Nokes, Executive Director Policy & Strategy	4	5	20	GMS has been refreshed, as a 10 year strategy, to reflect learning from Covid, IIC etc with a strong focus on the system wide actions needed to achieve a greener, fairer, more prosperous GM in all parts of the conurbation. This includes 3 year commitments, targets and ways of working, with some neighbourhood floor targets. It will be monitored by a cross agency/sector Delivery Support Group to ensure the GM system as a whole is delivering the changes needed to achieve GM's social, economic and environmental aspirations.	2	4	8	↔

Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Mitigating Controls	Likelihood	Impact	Score	Trend
	SR7	Transport - Metrolink	Significant loss of transport revenue due to Covid-19 and reduced patronage levels.	Patronage fails to reach pre-pandemic levels as people continue to work from home longer term.	Shortfall for 2021/22 estimated at £37m. Funding will not be available for a renewals programme.	Steve Wilson, Treasurer	4	4	16	Department for Transport (DfT) funding has mitigated impact of revenue losses with funding confirmed to March 2022. TfGM has been developing a recovery plan for Metrolink, as part of supporting the development of the future funding strategy and to support the discussions with government on ongoing funding for Metrolink. TfGM performed a review of the cashflow projections and reserves. It is concluded that the risk in the short term is manageable in the context of the mitigations and the reserves balance held	4	4	16	↔
	SR9	Greater Manchester Police - governance, leadership and performance	Failure of leadership and/or governance to ensure that the force provides the desired level of service to GM residents and communities	Inadequate governance, leadership and control within GMP	The service provided to victims of crime is inadequate. The service provided to GM residents and communities by GMP is not at the desired level Resources are not used effectively and efficiently to achieve the	Clare Monaghan - Director of Police, Crime, Fire and Criminal Justice.	4	5	20	New Chief Constable (CC) joined May 2021. CC has developed an Implementation Plan. This includes (but is not limited to) the development of a new performance management and outcomes framework, development of a Strategic Delivery Plan as well as reviews of processes, structures and systems.	4	5	20	↔

Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Mitigating Controls	Likelihood	Impact	Score	Trend
					strategic objectives of GMP.									

Escalated Risks (January 2022)

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Organisational	Operational	OR1	Covid-19 reduces staff availability through absence, sickness, self-isolation.	Increased risk of staff absence in GMCA/GMFRS due to Covid-19 and/or caring responsibilities due to ongoing lockdown restrictions.	Increased levels of sickness across the organisation due to contracting the Covid-19, self isolating and/or mental health and stress	GMFRS: Inability to deliver statutory functions (GMFRS), potential impact on fire cover GMCA: Inability to delivery core services and progress desired outcomes	DCFO, Leon Parkes (GMFRS) SLT (GMCA)	4	5	20	Treat	GMFRS: Key policies and processes in place to support operational resilience, staff and signpost to EAP Programmes: Regular and timely communication messages to all staff providing updates on key messages - internally and externally on. Guidance provided to Line Manager regarding supporting colleagues during this period. Degradation Policy COVID-19 Strategy & Response Plan Overtime Arrangements (agreed with FBU) Manager's Handbook Inc. Cleaning Procedures	2	4	8

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Organisational	People	OR4	Staff Mental and Physical Wellbeing	Prolonged lockdown restrictions and altered working arrangements may affect staff health, wellbeing and morale.	Lockdown restrictions and increased isolation.	<p>Childcare & home schooling are meaning staff are worrying about not getting their work done and also not providing the right support for their family.</p> <p>Physical and mental health negatively impacted due to extended home working and isolated working.</p> <p>Increased levels of sickness due to mental health and stress.</p> <p>Prolonged absence from the work environment affect staff development and learning and induction of new staff.</p>	SLT, GMFRS ET	4	4	16	Treat	<p>Tootal Building and GMFRS HQ remain open for the most vulnerable staff and those unable to work from home.</p> <p>~ Wellbeing initiatives and resources available for staff - OH support available as required for further support ~ Weekly online briefings from the Mayor, Chief Executive and SLT Members</p> <p>GMFRS - Health and Wellbeing team undertake range of initiatives to support employee mental health and well-being. This capability has been enhanced as a result of the covid crisis. Reasons for absence are monitored and tracked. General and specific wellbeing support is in place across the service</p>	2	3	6

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Organisational	Financial	OR9	Funding and grants not spent in line with timescales / conditions	Capital programme: Regeneration, infrastructure and investment funding (Growth Deal, Transport Grant etc.) awarded to GMCA is not spent in line with spending profile and this impacts future year financial awards. Grant Funding: Funding not spent in time/ in line with grant conditions	Delays in progressing schemes/activities due to Covid-19 and challenging economic conditions..	<p>Failure to deliver the capital programme and delays in delivery of schemes by districts and TfGM could result in reductions to future funding allocations and increased risk of clawback.</p> <p>Impact on the ability to secure value for money and achievable outcomes set out in the GMS.</p> <p>Underspend of grant funding</p> <p>Lack of confidence from key partners and funders could impact future funding awards</p>	SLT	4	5	20	Treat	Performance reporting and oversight by SLT	3	3	9

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Organisational	Governance, policy, leadership	OR10	Data Protection Act 2018 compliance	Failure to comply with the requirements of the Data Protection Act 2018 (Inc. GDPR).	<p>Arrangements are insufficiently developed in GMCA to meet obligations placed upon the organisation by Information legislation. Inclusive of Data Protection and transparency laws. Including expected organisational standards in respect of information management and governance.</p> <p>New ways of working increase the risk of failing to comply with GDPR requirements Roll out of innovative technology to support new ways of working not properly assessed and no information management strategy in place to manage this.</p>	<p>Breach of information security through data loss or increased risk of Public Sector susceptibility to cyber crime including phishing attempts, hacking and denial of service attempts from external parties.</p> <p>There is an inability to demonstrate GDPR compliance and ensure effective information management and governance arrangements could result in:</p> <ul style="list-style-type: none"> • Breaches of legislation • Judicial review • Litigation • Claims • Reduced transparency and visibility of information and data • Reputational damage arising from breaches • Loss of public Trust • Inability to secure data sharing agreements with partners / Government. • Detrimental impact on GM wide programmes of work 	Phillipa Nazari, Data Protection Officer	4	5	20	Treat	GMCA Information Governance Board and Serious Information Governance Incident Panel chaired by SIRO. Mandatory IG training for all staff	3	4	12

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Organisational	Operational	OR11	Unexpected, major or catastrophic events	Events that cannot be predicted that have a wide ranging impact on core services (eg Power Failures, natural disasters_	Events such as power failures, natural disasters, utility supply disruption	Impact on core services such as ICT services or other services that impact ongoing service provision for GMCA and the organisations it provides ICT services for.	SLT	3	5	15	Treat	Business Continuity Management arrangements in place.	3	2	6

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Organisational	Operational	OR12	Information Security	Organisational arrangements are insufficient to deter, detect and prevent unauthorised access to ICT systems and to respond effectively as and when breaches do occur.	<p>Loss of skilled and trained staff to lead on IS security resulting in insufficient focus on risks, identification of issues and outdated policies.</p> <p>Lack of a comprehensive and clear view of ICT security risks and the means of keeping this up to date.</p> <p>Lack of access to an effective ICT security alerting mechanism similar to CareCERT capability in the NHS.</p> <p>Regular requests to to rapidly stand up new digital capabilities at whole organisation scale e.g. to support remote working.</p>	<p>Inability to deliver statutory, legal, workforce, financial and blue light services.</p> <p>Potential loss/misuse of information or data, ICT downtime and costs of remediation.</p> <p>Reputational damage.</p> <p>Financial costs of full ICT recovery if needed (est. over £10M).</p> <p>Partner and wider public confidence could be impacted should security issues arise.</p> <p>Ability to pool/share data with third parties could be impacted if the GMCA cannot demonstrate compliance with requirements of the Public Service Network or other security accreditation.</p>	Phil Swan, Director of Digital	4	5	20	Treat	<p>1. Governance created to support the strategic direction of ICT/Digital and, separately, IG to improve cyber security.</p> <p>2. Further investment being made in technology to secure the network and enable secure multi-agency working, plan in development.</p> <p>3. Investment in tools to scan the infrastructure to ensure that vulnerabilities are identified and addressed.</p> <p>4. Support provided through mandatory IS training online (LMS) and information on the GMCA intranet. Training on information security is monitored and tracked through SMT.</p> <p>5. Additional ICT security features are available but will require organisational engagement and they will change practices. Proposals for further tightening security progressing.</p> <p>6. ICT security responsibilities being clarified through re-assignment of Deputy CIO responsibilities, and honoria relating to the unfilled ICT Security Lead role which GMCA has been unable to recruit despite multiple attempts as grading is too low.</p>	3	5	15

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Directorate – Place	Environmental	DIR-PLA-02	Delivery of projects to meet net zero targets.	Failure to achieve publicly stated strategic environmental targets.	<p>1. Requirement for consensus between several different stakeholders in both policy and delivery capability.</p> <p>2. Delivery within existing planning regulations within the economic / social / environmental infrastructure.</p> <p>3. Ambitious expectations to cover between 30 - 50,000 homes by 2030.</p> <p>4. Funding limitations.</p> <p>5. Ability to influence stakeholders needing to adopt a net zero approach.</p>	<p>1. Reputational damage with major GM stakeholders.</p> <p>2. Housing market (assets) remain a net contributor to climate change.</p> <p>3. National political / administrative sanction.</p>	Steven Fyfe – Head of Housing Strategy	4	5	20	Treat	<p>1. Managed programmes of activity with an agreed performance framework.</p> <p>2. Regular collaboration with the other GMCA directorates + external agencies with key role to play in delivering net zero outcomes e.g. TfGM.</p>	3	5	15

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Directorate - Place	People	DIR-PLA-03	Places for everyone resource capacity	Inability to efficiently process and deliver major actions for Places for Everyone.	1. Lack of internal capacity and dependence on limited district resource to which there is limited control. 2. Volume of consultation responses. 3. Concern over ability to progress policy changes	1. Log jams in administration and delays; 2. Key information and policy issues unresolved; 3. Unprepared for the examination in public; and 4. Failure of districts to be granted funding if they do not have a government sponsored plan in place for example with brownfield land fund.	Anne Morgan – Head of Planning Strategy	4	4	16	Treat	1. Clear understanding of EiP process and the activities needed for it to be a success married to an agreed Resource Plan agreed by CA and by District partners. Also, consideration of the different volumes of consultation responses that are possible. 2. Regular performance review and catchups with key stakeholders. 3. Policy review engagements with internal and external stakeholders to ensure CA is agile and can adapt to dynamic policy changes.	4	4	16
Directorate	Environme	DIR-ENV-20	Green Homes Grant	Unable to deliver in timescales	Unsuccessful collaboration with partners and failure to deliver projects	Failure to meet 5YEp targets and secure future funding	Mark Atherton Director, Environment	5	4	20		To be confirmed – in progress	5	4	20
Directorate	Environme	DIR-ENV-28	Consequences of waste Feasibility Study	Cost implications to districts to deliver England's waste strategy			Mark Atherton Director, Environment	5	5	25		Regular update calls	5	3	15

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Directorate - EWS	Social	DIR-EWS-01	Covid 19 - Delivery of Work & Skills Externally Funded Programmes supporting GM Residents	<p>Work & Skills Directorate currently manage in excess of £200m of external funding that support GM Residents to improve their skills and progress into employment, which include AEB and Working Well programmes.</p> <p>The national and local restrictions in place in relation to Covid-19 have a major impact on how Work and Skills contract continue to be delivered in GM.</p> <p>Potential financial instability of the providers base in GM.</p>	<p>Lockdown and further local restriction have meant that work and skills provider delivering contracts in GM are unable to deliver the face to face provision to GM residents that are key element of their contracts.</p> <p>Most contracts are delivered on a PBR basis therefore providers ability to draw down funding could be seriously impacted upon, thus creating some financial instability, particularly for smaller providers.</p>	<p>Those GM residents in most need may be unable to access support at time when many require additional support in developing transferable skills to support them in the labour market or support addressing health or other related barriers into employment.</p> <p>GM would not have a provider base that was strong enough to respond to demand, at a time of greater need to support GM residents and businesses who have been hit by immediate impact, as well as longer-term implications for the local economy.</p>	Mat Ainsworth Director, Work and Skills,	4	5	20	Treat	<p>A covid contingency plan to support Greater Manchester Work & Skills Programme was agreed in March 20.</p> <p>Maybe a need for further consideration Providers have tasked with developing alternative methods of delivery during this period to ensure that those in need, could access the services and these are review as part of the ongoing contract management.</p> <p>Robust contract management processes are in place, along with open book contract management.</p> <p>Working closely with DWP and other government department to align our approach to contract management during the pandemic</p> <p>Working with finance/procurement colleagues in the use of Company Watch - a due diligence system designed to assess the financial standing of companies.</p>	3	5	15

<p>Directorate - EWS</p>	<p>National political and economic environment</p>	<p>DIR-EWS-02</p>	<p>Skills Bill - legislative changes linked to Skills for Jobs White Paper and impact on devolved skills functions via AEB</p>	<p>The Skills for Jobs further education reform White Paper introduced new employer-led local skills planning functions which will be placed on a statutory footing, meaning that colleges and training providers will be legally obliged to respond to these new Local Skills Improvement Plans (LSIPs) which has potential to disrupt/undermine the exercise of the CA's devolved skills functions.</p>	<p>Two areas of concern in the legislation:</p> <p>1) There is no requirement on the employer representative bodies (ERBs) that will be leading the Local Skills Improvement Plans (LSIPs) to consult with GMCA or the LAs in relation to the geographic footprint of the LSIP or strategic priorities for the area identified. The Secretary of State will have the power to designate/remove designation for ERBs without consultation with GMCA and, whilst MCA agreement to the proposed LSIP would assist SoS approval, DfE has ruled out rejecting proposals that are not supported/actively opposed by MCAs..</p> <p>2) The SoS will also be given new powers to establish a register of approved training</p>	<p>1. If ERBs focus on particular elements of employers' skills needs without taking account of the wider skills and employment 'supply chain' in its entirety, colleges and training providers will be obliged to respond to those plans, potentially leaving some areas of need unmet, particularly at lower skills levels.</p> <p>2. Despite GM being a well-recognised functional economic area, there is no guarantee that new LSIP proposals will follow the GM footprint. This would impact the coherence of the GM-wide approach to the labour market and could introduce real complexity in terms of both GM's labour market strategy and associated AEB funding policy, and operational delivery.</p> <p>3. If required to commission education and training from providers on a national register, it both undermines GMCA's ability to exercise devolved functions (which include a range of statutory obligations) as it sees fit and could impact the responsiveness of the provider base. Given GMCA's robust due diligence in developing our flexible procurement system, a</p>	<p>4</p>	<p>4</p>	<p>16</p>	<p>Treat</p>	<p>1. Work with Legal colleagues to review draft legislation, assess risk from both legal and policy perspective and develop proposals for amendments.</p> <p>2. Work with Public Affairs colleagues to identify ideal outcome, tactics for securing potential amendments to the draft legislation, and identifying influencers (political and sector) who might support our approach.</p> <p>3. Work collectively with MCAs to develop a collective M10 position, as well as other organisations which have an interest in achieving a more collaborative/consultative approach within the legislation.</p>	<p>3</p>	<p>4</p>	<p>12</p>
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Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
					providers; funding authorities, including MCAs, would be prohibited from contracting with non-approved providers outside of that national register.	national register might also impact the quality and stability of the providers with whom we can contract.									
Directorate - Finance	Financial	DIR-FIN-01	Treasury management	Difficulty in delivering a financially beneficial strategy that secures the best possible returns from investing CA cash.	<p>1. Current low interest rates for short term cash investment</p> <p>2. Insufficient skill and capacity within GMCA compounded by loss of continuity from staff changes in MCC</p> <p>3. Medium term plan to borrow for the capital programme with the potential of an increase in borrowing costs over the medium term</p> <p>4. Further changes in Prudential Code of Practice to restrict borrowing</p>	<p>1. Fail to deliver sufficient positive cash generation to support the revenue budget.</p> <p>2. Higher borrowing costs in future years.</p> <p>3. Gap in capacity and skill to manage short term and longer term cash position</p>	Rachel Rosewell, Deputy Treasurer	4	4	16	Treat	<p>1. Develop of Capital and Treasury Management team in the new Finance structure and plan to bring TM activities into GMCA from MCC by 1st April 2022</p> <p>2. Ongoing review of the capital strategy to revise the funding of the long term capital programme</p> <p>3. Regular updates from external professional services (Link) to understand the market and predictions to inform TM strategy</p>	2	4	8

Risk level	Type	Ref	Risk Title	Description	Cause	Consequence	Owner	Likelihood	Impact	Score	Treatment	Mitigating Controls	Likelihood	Impact	Score
Directorate	People	DIR-HR-05	Talent management	Ability to ensure the potential and capability withing existing staff is nurtured and helps to address internal skills needs.	<p>1. Lack of a comprehensive or regularly updated record of the skills and experience possessed by existing staff.</p> <p>2. Talent management Strategy / Plan not connected to and up to date resource needs analysis.</p> <p>3. Short rather than a longer term approach to planning.</p>	<p>1. Required to recruit externally to fill internal gaps.</p> <p>2. Dissatisfaction from ambitions (and potentially capable) internal staff.</p> <p>3. Staff leave the organisation quicker that desired.</p>	Mallicka Mandal, Assistant Director, HROD	4	4	16	Treat	<p>1. Development, implementation and regular review of a Talent and Succession Strategy / Plan.</p> <p>2. Collaboration with directorates to maintain and up to date record of skills and capabilities.</p> <p>3. Develop connection Talent Management Strategy / Plan and the contemporary resource needs of the organisation.</p>	3	4	12

APPENDIX A – RISK MANAGEMENT FRAMEWORK IMPLEMENTATION PLAN

In order to effectively embed this risk management framework within GMCA there need to be a number of actions that initially take place to raise awareness and understanding of risk management but in the longer term to ensure GMCAs culture around risk management continues to evolve and mature so that it is an efficient and effective process within the organisation.

This implementation plan sets out the short-, medium- and long-term action needed to implement the framework.

Activity	Responsibility	Original Timescale	Status
1. Develop the Risk Management Framework			
a) Define the risk management framework	HoAA	October 2020	Complete
b) Obtain SLT buy-in and support for the risk framework	HoAA	November 2020	Complete
c) CEMT approval of framework	HoAA	Prior to 13 November 2020	Complete
d) Audit Committee review and comment	HoAA	20 November 2020 (papers by 13 November)	Complete
a) Draft Terms of Reference for Risk Management Maturity audit	HoAA	October 2020	Complete
b) Approve Terms of Reference	SLT	November 2020	Complete
c) Undertake Internal Audit	Internal Audit	November – December 2020	Complete
d) Report results to SLT	Internal Audit	January 2021	Complete
a) Develop training and awareness materials	Risk resource	Q1 2021/22	Q4 2021/22
b) Develop internal communications launching the risk framework	HoAA / Internal Comms	Q1 2021/22	In Progress
c) Launch risk management framework	CEMT	Q1 2021/22	Complete
d) Roll out training and awareness activities	Risk resource	Q1 2021/22	Q4 2021/22

2. Corporate Risk Register			
a) Quarterly update of [existing] Corporate Risk Register	SLT/CEMT	November 2020	Complete
b) Quarterly review of Corporate Risk Register	Audit Committee	20 November 2020	Complete
c) Move Corporate Risk Register to new risk management framework	SLT/CEMT/Internal Audit	March 2021	Complete
d) Audit Committee review of revised Corporate Risk Register	Audit Committee	April 2021	Complete
e) Ongoing review of strategic and escalated risks as part of BAU for SLT and CEMT	SLT / CEMT	April 2021 onwards	Ongoing
3. Develop risk registers			
a) SLT Risk workshop	Risk resource	February 2021	Complete
b) Directorate risk workshops	Risk resource	Q1/2 2021/22	In Progress
c) Develop directorate risk registers	Directorates / Risk resource	Q1/2 2021/22	In Progress
d) Ongoing review of risks as part of BAU for all directorates	Directorates / Risk resource	Q2 2021/22 onwards	In Progress

Independent auditor's report to the members of Greater Manchester Combined Authority

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Greater Manchester Combined Authority ('the Authority') and its subsidiaries ('the Group') for the year ended 31 March 2021, which comprise the Authority and Group Comprehensive Income and Expenditure Statements, the Authority and Group Movement in Reserves Statements, the Authority and Group Balance Sheets, the Authority and Group Cash Flow Statements, the Firefighters' Pension Fund, the Police Pension Fund, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31st March 2021 and of the Authority's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

Other information

The Treasurer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Treasurer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Treasurer is also responsible for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Treasurer is responsible for assessing each year whether or not it is appropriate for the Authority and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Treasurer incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority and the Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Authority's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Greater Manchester Combined Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



Mark Dalton - Key Audit Partner
For and on behalf of Mazars LLP

5th Floor
3 Wellington Place
Leeds
LS1 4AP

20 December 2021



Audit Committee
 Greater Manchester Combined Authority
 Churchgate House
 56 Oxford Street
 Manchester
 M1 6EU

Direct line +44 (0) 7795 506 766
 Email mark.dalton@mazars.co.uk
 20 December 2021

Dear Members

Conclusion of pending matters– Audit completion report

Following on from our recent meeting and as required by International Standards on Auditing (UK and Ireland), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report dated 24 November 2021.

The outstanding matters and the conclusions reached are detailed below:

Matter	Conclusion reached
Cash Flow	We have completed our work on the revised Cash Flow Statement (which, as reported in our Audit Completion Report, included a number of amendments to ensure consistency with other areas of the financial statements) and we have no matters to bring to the Committee’s attention
Group Accounts	The audit of the Chief Constable of Greater Manchester Police’s financial statements is now complete. There were no further issues arising from this audit which impact on the Group audit.
Financial statements, Annual Governance Statement and letter of representation.	Our final audit procedures are now complete and we have received the signed financial statements and letter of representation.

If you wish to discuss these or any other points then please do not hesitate to contact me.

Yours sincerely

Mark Dalton

Director

20 December 2021

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Date: **21 January 2022**

Subject: **Options for appointment of external auditor from 2023/24**

Report of: **Steve Wilson, Treasurer of the GMCA**

Purpose of Report

The purpose of this report is to present the options available for appointment of external auditors for Greater Manchester Combined Authority to take effect from 2023/24 and provide information on the process for retendering of external audit contracts.

Recommendations:

The Audit Committee is requested to:

1. Note the recommendation for GMCA and GMP to opt-in to the Public Sector Audit Appointment (PSAA) body for appointment of external auditors;
2. Note the proposal to continue with local joint procurement arrangements for the provision of external audit services with TfGM and other Greater Manchester authorities.
3. Delegate to the GMCA Treasurer, in consultation with the Chair of the Audit Committee, to agree the final recommended option to be made to GMCA and Police and Crime Panel.

Contact Officers

Steve Wilson
Treasurer
07725 481067
Steve.Wilson@greatermanchester-ca.gov.uk

Rachel Rosewell
Deputy Treasurer
07976 571973
Rachel.Rosewell@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

Considered within the body of the report.

Legal Considerations

N/A

Financial Consequences – Revenue

Financial revenue consequences are discussed within the body of the report.

Financial Consequences – Capital

N/A

Number of attachments to the report: None

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

N/A

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? No

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the options available for appointment of external auditors for Greater Manchester Combined Authority (GMCA) to take effect from 2023/24 and provide information on the process for retendering of external audit contracts.

2. RETENDER OF EXTERNAL AUDIT CONTRACTS

Information from the Local Government Association for those charged with governance

- 2.1 The process for retendering for external audit in local authorities in England, for contracts due to start from 2023/24, is now underway and shortly GMCA will need to decide whether to procure its own external auditor or opt into the national procurement framework.
- 2.2 Legislation requires a resolution of GMCA if a local authority wishes to opt into the national arrangement. The deadline for this decision is the 11th March 2022. If the GMCA does not make such a decision, the legislation assumes that the authority will procure its own external audit, with all the extra work and administration that comes with it.
- 2.3 The national framework is considered the best option authorities can choose. There are many reasons for favouring the national arrangements and those reasons have become more compelling since 2016/17 when local authorities and public bodies were last asked to make this choice.
- 2.4 The way external audit has operated over this period has changed considerably. A lack of capacity in the audit market has been exacerbated by increased requirements placed on external auditors by the audit regulator. There is also a limited number of firms in the market and too few qualified auditors employed by those firms. This has led to a situation around the country where audits have been delayed and audit opinions remain outstanding from 2019/20 and 2020/21. Auditors have also been asking for additional fees to pay for extra work.
- 2.5 As the client in the contract, an authority has little influence over what it is procuring. The nature and scope of the audit is determined by codes of practice and guidance and the regulation of the audit market is undertaken by a third party, currently the Financial Reporting Council. Essentially authorities find themselves operating in what amounts to a suppliers' market and the client's interest is at risk of being ignored unless we act together.
- 2.6 It is widely acknowledged that supply side of the market needs to be expanded, which includes encouraging bids from challenger firms. Public Sector Audit Appointments Ltd (PSAA), the body nominated by the Government to run the national arrangements, has suggested various ways this could be done, but these initiatives are much more likely to be successful if a large number councils sign up to the national scheme.
- 2.7 It is therefore vital that local authorities and partner public bodies coordinate their efforts to ensure that the client voice is heard loud and clear. The best way of doing this across the country is to sign up to the national arrangement.
- 2.8 To summarise, the same issues apply as at the time of the last procurement:

- A body procuring its own auditor or procuring through a joint arrangement means setting up an Audit Panel with an independent chair to oversee the procurement and running of the contract.
- The procurement process and contract management capacity within the authority would be required.
- Procuring through the appointing person (PSAA) gives greater independence in the process for authorities in appointing its auditors.
- Procurement as an individual authority provides no additional benefit:
 - The service being procured is defined by statute and by accounting and auditing codes
 - Possible suppliers are limited to the small pool of registered firms with accredited Key Audit Partners (KAP).
 - Since the last procurement it is now more obvious than ever that we are in a 'suppliers' market' in which the audit firms hold most of the levers.
- PSAA has now built up considerable expertise and has been working hard to address the issue that have arisen with the contracts over the last couple of years:
 - PSAA has the experience of the first national contract. The Government's selection of PSAA as the appointing person for a second cycle reflects MHCLG's confidence in them as an organisation.
 - PSAA has commissioned high quality research to understand the nature of the audit market.
 - It has worked very closely with MHCLG to enable the government to consult on changes to the fees setting arrangements to deal better with variations at national and local level, hopefully resulting in more flexible and appropriate Regulations later this year.

3. OPTIONS FOR LOCAL APPOINTMENT OF AN EXTERNAL AUDITOR

- 3.1 There are three broad options open to the authority under the Act and new appointments for auditors need to be made by 11th March 2022 regardless of which option is chosen.

Option 1: Make a stand-alone appointment

- 3.2 To make a stand-alone appointment, GMCA will need to establish an independent Auditor Panel. The Panel must be made up of a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees – for the GMCA this excludes all current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input into the process for the assessment and appointment of the firm of accountants to provide the GMCA/GMP external audit. A newly established and independent Auditor Panel would be responsible for selecting the auditor.
- 3.3 This option allows GMCA to take maximum advantage of the new local appointment regime and have local input to the decision; however, recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances. In addition, GMCA would not benefit from reduced fees that may be available through joint or national procurement contracts.

Option 2: Local joint procurement arrangements

- 3.4 The Act enables the authority to join with other authorities to establish a joint independent Auditor Panel which would need to be constituted and made up of a majority, or of wholly independent members. Further advice will be required on the exact constitution of such a Panel having regard to the obligations of each body under the Act and as such GMCA will need to liaise with other authorities to assess the appetite for this arrangement.
- 3.5 At present, the ten Greater Manchester district councils, GMCA, GMP and TfGM are audited by Mazars under the local joint procurement arrangement. Given the level of collaboration and joint working, there have been benefits in this procurement approach. In addition to this, an option could be extended to include health bodies at a later date, although it should be noted that they are currently working to a different timetable for appointments.
- 3.6 Other advantages of this approach are that the costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities and therefore greater opportunity for negotiating economies of scale by being able to offer a larger combined contract value to the firms.
- 3.7 This option is not without risk. The decision-making body will be further removed from local input. It is unlikely that elected members from each district or each GM Body would be represented on an independent auditor panel. Individual Audit Committees would still discharge their functions at district and GM levels; for example, considering their own auditor reports; the statement and accounts; and governance arrangements.
- 3.8 There is a risk that accountancy and audit firms may decline to bid for a package of GM external audit work due to independence issues. A successful firm would be unable to undertake substantial values of advisory work, as to do so would be in contravention of professional standards, independence safeguards and terms of appointment established by the PSAA. Initial soft market testing has been undertaken and whilst some of the top tier firms have confirmed that this issue would likely preclude them from bidding, other firms have expressed interest in this procurement approach.

Option 3: Opt-in to a sector led body

- 3.9 In response to the consultation on the new arrangement the LGA successfully lobbied for Councils to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. This body had been confirmed as Public Sector Audit Appointments Limited (PSAA). PSAA is now well established and has the ability to negotiate contracts

with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

- 3.10 Under this approach, the costs of setting up the appointment arrangements and negotiating fees are shared across all opt-in authorities and by offering large contract values the firms are able to offer competitive rates and fees than are likely to result from local negotiation. Any conflicts at individual authorities are managed by PSAA who have a number of contracted firms to call upon.
- 3.11 The appointment process would not be ceded to locally appointed independent members but by a separate body that acts in the collective interests of the 'opt-in' authorities.
- 3.12 Under this option, individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups. This option could result in all the districts, GMCA, TfGM and Chief Constable all having different external auditors.
- 3.13 In order to pursue this option the authority would have to "opt in" by 11th March 2021.

4. AUDITOR PANEL

- 4.1 Unless opting into the Sector led body approach (option 3), there will be a requirement to establish an independent Auditor Panel, either specifically for the Council or in collaboration with partners. The Auditor Panel role is different to that of the Audit Committee. Its functions are to advise the Authority on:

- selection and appointment of the auditor;
- resignation or proposals to remove the auditor;
- adoption of a policy on non audit services;
- maintenance of independent relationship with the auditor; and
- any proposals to enter into limited liability agreements (auditor panels have a statutory duty to give advice to the authority if the authority proposes to enter into a liability limitation agreement. If panel members lack knowledge or experience in this area, it is recommended that training is sought that may assist them in this duty).

- 4.2 There is no specific reference in the Act of the Auditor Panel for carrying out a contract oversight role but guidance from CIPFA does indicate this is a possible addition function that might be helpful.
- 4.3 It is also acknowledged that there should be a relationship between the Auditor Panel and the Audit Committee, who will receive updates and assurances arising from the work of the external auditor; and is also well placed to comment on the quality and performance of services provided through the contract. The Act does allow for the Audit Committee to discharge the duties of the Auditor Panel but only if it meets the criteria set out below and that its role when acting as the Auditor Panel is clearly distinct from its role as the Audit Committee.
- 4.4 A key challenge for the Auditor Panel is to ensure appropriate appointments that meet the requirements of the Act. It is required that the Panel have at least three members but the majority, including the Chair, should be independent of the authority. It is permissible for Council elected members to be represented on the panel, but the majority of members and Chair are required to be independent. The definition of independence in the Act and supporting CIPFA guidance is explicit and allows little option other than through the advertisement and appointment of specific, external, independent members. Panel members will also be required to have the requisite skills and experience, which may not be readily identifiable or available given the specialist nature of the external audit contract and procurement processes.
- 4.5 If the authority progresses a single body appointment, it will be required to identify and appoint independent members for this process. The same principle will apply with a joint procurement but the collaborative option means that across the various GM level authorities, only one group of independent members would be required and this increases the likelihood of successfully identifying suitably skilled and experienced independent persons to sit on the panel. These are required to be identified through advertisement and supported by clear panel member role descriptions. The Council and any joint procurement partners will be required to set levels of allowances and expenses.

5 RECOMMENDED OPTIONS

- 5.1 The recommended option is for an opt in to the sector-led body - PSAA (option 3) which is consistent with counterparts in the ten GM Councils and TfGM.
- 5.2 This option is likely to minimise the time and cost of separate procurements across GM and will also negate the need for an additional Auditor Panel.
- 5.3 It is also proposed to continue with local joint procurement arrangements for the provision of external audit services with TfGM and other Greater Manchester authorities.

6. NEXT STEPS

- 6.1 GMCA will need to take action to implement new arrangements for the appointment of external auditors from April 2023. A decision on the options outlined in this report should be made by 11th March 2022 in order that the contract negotiation process can be carried out during 2022 to meet the statutory deadline for award of contracts by 31st December 2022. The closing date to opt in to the PSAA arrangement is 28th February 2022.

7. RECOMMENDATIONS

- 7.1 Recommendations are set out at the front of the report.

GMCA Audit Committee – Work Programme 22/23

22 April 2022

Standing Items

1	Apologies	Governance	1 mins
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the previous Audit Committee meeting	Governance	5 mins
5	Minutes from the Joint Audit Panel	Governance	5 mins
6	Annual report of the Audit Committee	Chair	10 mins

Risk and Assurance

7	Review of Corporate Risk Register	Head of Audit and Assurance	10 mins
21	PART B: Risk Deep Dive – Cyber/IT Security	Risk Owner	20 mins

Internal Audit and Counter Fraud

9	Internal Audit Progress Report	Head of Audit and Assurance	15 mins
10	Audit Action Tracking	Head of Audit and Assurance	10 mins
11	Historic Audit Actions	GMCA Officer(s)	5 mins
12	Review of effectiveness of Internal Audit	Treasurer	10 mins
13	Internal Audit Plan 22/23	Head of Audit and Assurance	10 mins
14	Review of Internal Audit Charter	Head of Audit and Assurance	5 mins
22	PART B: Annual Whistleblowing and Fraud Report	Head of Audit and Assurance	10 mins
15	Counter Fraud Strategy	Head of Audit and Assurance	10 mins

Financial Reporting

16	Accounting Policies and Critical Judgements	Treasurer	10 mins

External Audit

17	External Audit Progress Report	External Audit	10 mins
18	Value for Money Report	External Audit	20 mins

Forward planning

19	Audit Committee Work Programme	Chair	5 mins
20	Date and time of next meeting	Governance	

Xx June 2022 – AGM & Draft Accounts

***** PRIOR TO PUBLIC MEETING - PRIVATE MEETING WITH INTERNAL AND EXTERNAL AUDITORS**

Standing Items

1	Apologies	Governance	1 mins
2	Appointment of Chair	Chair	5 mins
3	Chairs Announcements and Urgent Business	Chair	2 mins
4	Annual Declarations of Interest	Governance	2 mins
5	Minutes of the previous Audit Committee Meeting	Governance	5 mins
6	Minutes from the Joint Audit Panel	Governance	5 mins
7	Review of Audit Committee Terms of Reference	Chair	10 mins

Risk and Assurance

8	Review of Corporate Risk Register	Head of Audit and Assurance	10 mins
20	PART B: Risk Deep Dive (TBC)	Risk Owner	20 mins

Internal Audit and Counter Fraud

9	Internal Audit Progress Report	Head of Audit and Assurance	10 mins
10	Audit Action Tracking	Head of Audit and Assurance	10 mins
11	Historic Audit Actions	GMCA Officer(s)	5 mins
12	Internal Audit Annual Opinion	Head of Audit and Assurance	15 mins
13	Internal Audit Plan 22/23	Head of Audit and Assurance	10 mins

Financial Reporting

14	Draft Annual Governance Statement		
15	Unaudited Draft Statement of Accounts		
16	Treasury Management Annual Report	Treasurer	10 mins

External Audit

17	External Audit Progress Report	External Audit	10 mins

Forward planning

18	Audit Committee Work Programme	Chair	5 mins
19	Date and time of next meeting	Governance	

For Reference: Agenda items and schedule of business, as per Audit Committee Terms of Reference

Agenda Item	January	April	June (AGM & Draft Accounts)	TBC (Final Accounts)	October	Lead
Statutory and Corporate Governance						
Appointment of Chair			✓			Members
Confirmation of Membership			✓			Chair
Annual Declarations of Interest			✓			Chair
Declarations of Interest	✓	✓	✓	✓	✓	Chair
Minutes of previous meeting	✓	✓	✓	✓	✓	Chair
Minutes of Joint Audit Panel	✓	✓	✓		✓	Chair
Annual report of the Joint Audit Panel			✓			Chair
Annual Governance Statement (Draft)			✓			Treasurer and Monitoring Officer
Annual Governance Statement (Final)				✓		Treasurer and Monitoring Officer
Unaudited Draft Statement of Accounts			✓			Treasurer
Final Audited Statement of Accounts				✓		Treasurer
Review of Audit Committee Terms of Reference			✓			Chair
Audit Committee Work Programme	✓	✓	✓	✓	✓	Chair / Head of Audit and Assurance
Private meeting with Internal Auditors			✓			Chair / Head of Audit and Assurance
Private meeting with External Auditors			✓			Chair / External Audit
Annual report of Audit Committee		✓				Chair

Agenda Item	January	April	June (AGM & Draft Accounts)	TBC (Final Accounts)	October	Lead
Risk Management						
Corporate Risk Register full review (Part B)	✓					GMCA Officers
Corporate Risk Register update		✓	✓		✓	GMCA Officers
Risk deep-dives (Part B)	✓	✓			✓	Risk owners
Internal Audit and Counter Fraud						
Internal Audit Plan		✓				Head of Audit and Assurance
Review and update of Internal Audit Charter		✓				Head of Audit and Assurance
Internal Audit Progress Report	✓	✓	✓		✓	Head of Audit and Assurance
Internal Audit Opinion and Annual Report			✓			Head of Audit and Assurance
Audit Action Tracking	✓	✓	✓		✓	Head of Audit and Assurance
Historic Audit Actions	✓	✓	✓		✓	GMCA Officer(s)
Review of Effectiveness of Internal Audit		✓				Treasurer
Counter Fraud Strategy and Plan		✓				Treasurer and Head of Audit and Assurance
Annual Fraud and Whistleblowing Report (Part B)		✓				Treasurer and Head of Audit and Assurance
External Audit						

Agenda Item	January	April	June (AGM & Draft Accounts)	TBC (Final Accounts)	October	Lead
Audit Strategy Memorandum	✓					External Audit
Annual Audit Letter				✓		External Audit
Value for Money Report		✓				
External Auditor Enquiry Letters Draft Responses			✓			Treasurer, Chair
External Audit Progress Report		✓	✓	✓		External Audit
Final Statement of Accounts – Report of the External Auditor				✓		External Audit
Financial Reporting						
GMCA Treasury Management Annual Report			✓			Treasurer
Accounting policies and critical judgements		✓				Treasurer
Treasury Management Strategy	✓					Treasurer

GMCA Audit Committee Action Tracker

21 January 2022

Minute Number	Agenda item	Action	By whom	Completed
Meeting Date 27 August 2021				
AC/37/21	ASSESSMENT OF ONGOING CONCERN STATEMENT	That a further update be presented to the 30 September 2021	Steve Wilson	No further update at this stage. Revised Going Concern Statement will be provided for 2021/22 accounts
AC/38/21	TREASURY MANAGEMENT ANNUAL REPORT 2020/21	That it be noted that a further update on LOBO be brought to the next meeting of the Committee.	Steve Wilson	Attending to provide update Jan 22 meeting
AC/42/21	INTERNAL AUDIT PROGRESS REPORT	That the report be noted and that a further update will be provided to the next meeting of the Committee in September 2021.	Sarah Horseman	Completed
Meeting Date 30 September 2021				
AC/49/21	MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 27 AUGUST 2021	That officers agree to update Members in relation to Metrolink matters.	Steve Wilson	Attending to provide update Jan 22 meeting

AC/52/21	2020/2021 STATEMENT OF AUDITED ACCOUNTS	That the GMCA 2020/2021 Statement of Audited Accounts be submitted to the meeting of the Audit Committee in November 2021	Steve Wilson	Completed
AC/53/21	ANNUAL AUDIT LETTER	That it be noted that the Annual Audit Letter be deferred to the next meeting of the Audit Committee.	Mazars	Completed
AC/55/21	RISK MANAGEMENT UPDATE	That it be noted that comparative data on staffing absence and updates on staff survey responses and the Skills Bill be brought to a future meeting of the Committee.	Sarah Horseman	Completed
AC/57/21	AUDIT ACTION FOLLOW UP REPORT	That a further update be provided to the next meeting of the Committee.	Sarah Horseman	Completed
AC/58/21	WORK PROGRAMME 2021/22	That officers undertake to convene a joint meeting with the Police and Crime Audit Panel at an appropriate time and to liaise with GMCA Waste and Resources to seek a visit to a GM Recycling Centre.	Nicola Ward	TBC

Meeting Date 30 November 2021				
AC/67/21	STATEMENT OF ACCOUNTS 2020/21	That Mazars and GMCA Finance Team would review the wording of the amendment in the group accounts relating to the Northwest Evergreen Holding Debtor to ensure it did not result in a double entry to the accounts.	Daniel Watson	Verbal update to be provided at Jan 22 meeting
AC/67/21	STATEMENT OF ACCOUNTS 2020/21	That authority be delegated to the Chair of the Audit Committee to approve the final accounts should there be any further changes.	Steve Wilson	Attending to provide update Jan 22 meeting
AC/68/21	AUDIT COMPLETION REPORT AND ANNUAL AUDIT LETTER	That officers would check with the ICT team regarding the level of confidence in attaining the March 2022 deadline for delivery of the organisation's cyber security software and report back to the Committee.	Sarah Horseman	Will be incorporated into the results / actions of the Cyber internal audit

AC/68/21	AUDIT COMPLETION REPORT AND ANNUAL AUDIT LETTER	That the GMCA would work with external audit to determine what a 'good' ICT Change Management Policy should look like in advance of next year's audit.	Sarah Horseman	Will be incorporated into the results / actions of the Cyber internal audit
AC/68/21	AUDIT COMPLETION REPORT AND ANNUAL AUDIT LETTER	That any ongoing external audit recommendations be integrated with the internal audit recommendation monitoring to ensure their delivery.	Sarah Horseman	Completed
AC/68/21	AUDIT COMPLETION REPORT AND ANNUAL AUDIT LETTER	That the GMCA be informed of the implications to the Independent Members of the Audit Committee following the publication of the regulatory guidelines in relation to external audit.	Steve Wilson	Agenda item 12
AC/68/21	AUDIT COMPLETION REPORT AND ANNUAL AUDIT LETTER	That linked to this, a future report be brought to the Committee following the PSAA's national procurement exercise in relation to external auditors.	Steve Wilson	Completed

AC/69/21	AUDIT OUTCOMES – GMCA CORPORATE SERVICES	That Andrew Lightfoot, Deputy Chief Executive be invited to attend Audit Committee meetings going forward to address non-finance issues.	Nicola Ward	Completed
AC/69/21	AUDIT OUTCOMES – GMCA CORPORATE SERVICES	That officers would check that those actions with due dates that have passed, specifically in relation to policy development and spend reporting, have been completed and provide an update to Members.	Andrew Lightfoot	Attending to provide update Jan 22 meeting
AC/71/21	WORK PROGRAMME 2021/22	That training sessions be arranged for Members of the Committee in due course.	Nicola Ward	TBC

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