

GMCA Audit Committee

Date: 22 January 2021

Subject: Internal Audit Progress 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 progress to date of the delivery of the Internal Audit Plan for 2020/21. 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:

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

CONTACT OFFICERS:

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

Risk Management – see paragraph

Legal Considerations – n/a

Financial Consequences – Revenue – see paragraph 4

Financial Consequences – Capital – see paragraph

Number of attachments included in the report: None

BACKGROUND PAPERS:

- Internal Audit Plan 2020/21 – June 2020

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 annual audit plan for GMCA was presented to the June 2020 Audit Committee and allocated 350 days of internal audit support in 2020/21.

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.

2 Progress against the 2020/21 Internal Audit Plan

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

Since the last Audit Committee on 20 November 2020, we have issued two final reports as noted below.

- **Lessons Learned Review of the GM Mortuary Commissioning Project** - Internal Audit was asked to undertake a lessons learned review of the GM Mortuary Commissioning Project for and on behalf of the GM Executive Mortality Group. This report was shared with the Chief Executive and GM Resilience Forum with the recommendation that the GM Multi-Agency Excess Deaths Planning Group review the content of the report and incorporate identified learning as appropriate into their current review of Greater Manchester's Excess Deaths Plan and GM resilience planning.
- **GMFRS COVID-19 Secure Workplace Assessments (Reasonable Assurance)** - This audit involved compliance visits to 16 Fire Stations and 4 main buildings conducted during December 2020 to review the COVID-19 control measures developed and in place. We found broad compliance across the GMFRS estate and the report outlined good practice and also some recommended actions to improve controls and consistency. The report was shared with the Chief Fire Officer and member of SMT.

Details of the number and priority of agreed actions in respect of these audits are attached in **Appendix A** and the Executive Summaries from Final reports is included at **Appendix D**.

Our progress in delivering the audit plan is behind schedule with what we would expect at this stage in the year. Several reviews have taken longer to complete than initially expected due to their complexity and the impact of COVID19 pandemic and changes in working arrangements continues to affect audit capacity and client availability. We are continuing to

support our staff in managing the difficulties of lockdown restrictions and will continue to keep this under review and make any necessary adjustments to planned audit work.

2.2 Internal Audit work in progress

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

Planning Stage	
Procurement – Contract Award (Q3)	Draft Terms of Reference has been issued, but discussion ongoing over the timing of the work as Client seeking deferral to Q1 21/22.
Programme and Project Governance (Q3)	Proposed scope and approach for the review discussed with the GMCA Programme and Project Network Group. IA to participate in initial sessions looking at consistency of approach.
GM Working Well Programme (Q4)	<p>Client scoping discussion planned early January. However, the Government Internal Audit Agency (GIAA) have recently undertaken an ESF Article 127 audit on Working Well co-financing contracts. This covered procurement approach and processes, financial transactions alongside eligibility checks and review of participant records across the Working Well Expansion and Work & Health Programme contracts.</p> <p>GIAA provided a positive assurance opinion with no issues identified at this audit and no expenditure claimed in error. A copy of this report is shown at Appendix D.</p> <p>For 2020/21 Assurance therefore may be placed on the external GIAA report. To be confirmed during scoping meeting.</p>
Adult Education Budget (Q4)	Client scoping discussion planned January 2021.
ICT Security Audit (Q4) - Outsourced	Discussions have taken place with Salford Computer Audit Team on a package of work across GMP and GMCA to commence in Q4. Scoping meeting scheduled for early February 2021.

Fieldwork Stage	
Risk Management Maturity Assessment (Q3)	Terms of Reference published and self-assessments issued to all Heads of Service in November. Responses will be evaluated and reported during Q4.

Payments during lockdown (Q3)	Initial data analysis of payment types and payment data completed. Work ongoing to sample check individual transactions, verify documentation and ensure control framework remains effective.
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Reporting Stage	
Mayoral Advisors (Q3)	Draft report issued 30 November 2020, awaiting formal management response to emerging findings and opinion prior to finalisation.
GMFRS Fleet Services (Q2)	Draft report being prepared, with minor outstanding queries to resolve prior to this report being issued.
Grant Certification: Home to school and college transport (Q3)	Work to certify expenditure is complete and grant certification document being prepared for sign off and submission.

Details of our progress in respect of the 2020/21 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.

The audit plan is agile and can be flexed to meet current risk requirements. In our latest review of the plan we have proposed the following changes for approval by the Audit Committee

- **Corporate Governance – Delegated Authorities:** There are two corporate governance pieces of work on the plan for Q4. Delegated Authorities will have been considered in part by the Payments during Lockdown audits. It is therefore proposed to remove this audit from the plan, keeping the Code of Corporate Governance audit.
- **Working Well:** As mentioned in section 2.2 GIAA have undertaken an audit of a number of key processes within the directorate. Subject to confirming that there are no significant areas not covered by that audit (to be confirmed Jan 2021) propose to rely on the GIAA report for assurance within this area.

These reflect the additions that Internal Audit have been asked to do during the year and as such the removal of a small number of audits, on a risk-based approach, to balance the resources available.

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 Risk Management – See separate paper

4.2 Whistleblowing and Counter Fraud activities

4.2.1 **National Fraud Initiative** - GMCA expect the results from the NFI 2020/21 data matching exercise to be received in early 2021 and we will be developing a work plan to investigate and report on the matches during quarter 4. These datasets include GMFRS Pensions, Payroll and Trace Creditors.

4.2.2 **Whistleblowing** – The following activity has taken place in respect of whistleblowing

- One report was received which qualifies as a whistleblowing report, it is being investigated by the appropriate part of the organisation and the Head of Audit and Assurance is monitoring the progress and outcome.
- The Head of Audit and Assurance has continued to support the Deputy Mayor on a previous whistleblowing case.
- The whistleblowing policy was presented to the Standards Committee in November 2020 and this updated policy is awaiting upload onto the GMCA webpage.
- GMFRS have launched their own *freedom to speak up* (FTSU) scheme as part of their ongoing commitment to developing a culture of openness and learning. The scheme is designed to improve the opportunities staff have to raise concerns without risk of detriment to themselves whilst increasing trust between staff and the organisation and the aim of improving organisational performance.

4.3 Information Governance

- The Head of Audit and Assurance is a member of the Information Governance Board and of the Serious Information Governance Incident Panel both of which are chaired by the Senior Information Risk Owner.

- Internal Audit also attend the Freedom and 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.

Appendix A - Summary of Internal Audit Reports issued

The table below provides a summary of the internal audit work completed. This will inform the annual Internal Audit opinion for the year 2020/21.

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
GM Housing Investment Loan Fund	Reasonable			2	1		✓		
GM Fire Service Pension Review	Reasonable			2	2	2		✓	
Lessons Learned – GM Mortuary commissioning project	N/A	N/A – Not an assurance review – Findings shared with GM Resilience Forum					✓		
GMFRS COVID-19 Secure Premises Assessments	Reasonable	N/A – Considerations for practical COVID-19 control and compliance measures have been made to Senior Leadership Team as part of this report but we will not seek formal confirmation of these under the normal follow up process.						✓	

Grant Certifications				
Grant Certification - Business Energy and Industrial Strategy (BEIS)	Positive	✓		
Grant Certification - GM EU exit Preparedness Funding	Positive	✓		
Grant Certification – Local Energy Market (LEM)	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 2020/21

The table below shows progress made in delivery of the 2020/21 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
Place making	CIT	GM Housing Investment Loan Fund	Q1	●	●	●	●	November 2020	Completed
Chief Executive's Office	Programmes and Projects	Lessons Learned - Mortuary Commissioning Project	Q1/Q2	●	●	●	●	January 2021	Completed See Appendix C
Corporate Services	Governance	Annual Governance Statement 2018/19	Q2	●	●	●	●	Sept 2020	Completed
Corporate Services	Finance	Payments during lockdown	Q3	●	⊙	○	○		
Corporate Services	Grants	BEIS 2019/20 GM Growth Hub Finding	Q2	●	●	●	●	Sept 2020	Completed
Corporate Services	Grants	GM EU exit Preparedness Funding	Q2	●	●	●	●	Sept 2020	Completed
Cross-cutting	Programmes and Projects	Programme Governance	Q2	⊙	○	○	○		Was Q2, delayed to Q4

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Chief Executives Office	Governance	Mayoral Advisors	Q2	●	●	●	○		See Appendix C -Draft Report Issued
GMFRS	GMFRS	Pensions administration	Q2	●	●	●	●	November 2020	Completed
GMFRS	GMFRS	GMFRS Fleet	Q2	●	●	◐	○		Preparing Draft Report
Corporate Services	Health, Safety and Wellbeing	GMFRS Covid 19 workplace regulations	Q2	●	●	●	●	Jan 2021	Completed
PCC	PCC	Phase 2 audit of grant processes	Q3	●	●	●	●		Reported via Joint Audit Panel
Grants	Corporate Services	LEM Project	Q3	●	●	●	●	Nov 2020	Completed
Grants	Corporate Services	Home to School and College transport	Q3	●	●	●	●	Jan 2021	Completed
Chief Executive's Office	Governance	Risk Management Maturity	Q3	●	◐	○	○		
Corporate Services	HROD	Investigation process	Q3	◐	○	○	○		
Corporate Services	Finance	Procurement – Contract Award	Q3	●	○	○	○		

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Governance	Code of Corporate Governance	Q4	○	○	○	○		Was Q2, delayed to Q4
Corporate Services	Governance	Delegated Authorities	Q4	○	○	○	○		See Appendix C
Corporate Services	Waste	Core financial processes (Waste)	Q4	○	○	○	○		
Work and Health	Work	Working Well	Q4	●	○	○	○		
Education	AEB	Advice regarding AEB Assurance framework	Q4	●	○	○	○		
Corporate Services	ICT	Cyber Security	Q4	●	○	○	○		Discussions taking place with provider to complete this work during Q4
GMFRS	GMFRS	Training	Q4	○	○	○	○		

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 facilitate quarterly risk register updates through the Risk and Governance Group. In 20/21 consideration will be given to the COVID CRR and the eventual merging of the COVID and Corporate risk registers. 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 June 2020.

Audit Area	Audit	Timing	Days	Change requested	Rationale	Approved by Audit Committee
Chief Executive's Office	Lessons Learned - Mortuary Commissioning Project	Q2/3	20	Addition to plan	Requested by the Chief Resilience Officer as a lessons learned exercise to inform any revisions to future plans and arrangements	June 2020
Chief Executive's office	Mayoral Advisors	Q3	20	Addition to plan	Requested by Chief Executive	September 2020
Finance	Payments during lockdown	Q3	20	Addition to plan	Added to the plan to address increased risk of fraud during Covid-19 lockdown period. This will in part encompass some of the delegated authorities review by providing assurance that payments made during the period were in line with the delegated authorities.	June 2020
Placemaking	Housing Investment Loan Fund	Q4	15	Removal from plan	This audit has been undertaken previously (last reported in Q1) with generally positive assurance opinions. No changes in the control environment have taken place that would indicate any changes to the control environment in this financial year that would require additional work.	Nov 2020
Programmes and Projects	Large Programme Governance	Q4	20	Removal from plan	A programmes and projects audit is to take place in 2020/21, it is proposed to defer the large programme governance audit to future years.	Nov 2020

Audit Area	Audit	Timing	Days	Change requested	Rationale	Approved by Audit Committee
Corporate Services	Governance – Delegated Authority	Q4	20	Removal from plan	Delegated Authorities covered in part by Payments during lockdown audit. There is another Corporate Governance audit within the plan which will contribute to the HoIA opinion around Governance.	

Appendix D - Executive Summary for Final Published Reports

GMFRS COVID-19 Secure Workplace Assessments

COVID-19 Secure Workplace Assessments
EXECUTIVE SUMMARY

FINAL

EXECUTIVE SUMMARY

1.1 Background and Context

Greater Manchester Fire and Rescue Service (GMFRS) has a responsibility to ensure appropriate arrangements are in place to manage the risk of Coronavirus (COVID-19) infection and transmission at all its sites.

The Government has continued to issue updated guidance to assist employers in ensuring staff can work safely and workplaces remain COVID-19 secure. These measures extend to:

- Risk Assessments
- Social Distancing
- Cleaning, Hygiene and Handwashing
- Workplace Guidance
- Vulnerable workers; and
- Working from Home (where possible)

Based on this guidance, and that produced by Public Health England, the Health and Safety Executive, and the National Fire Chiefs Council (NFCC), GMFRS has updated its own Manager's Handbook which is in use at all stations and there is a clear expectation that staff are following the practical measures put in place.

HMICFRS have recently carried out a COVID-19 themed virtual inspection and at the time of this audit, GMFRS were awaiting the full outcome of that inspection. In addition, the Health and Safety Executive (HSE), in response to an outbreak at Rochdale Fire Station, recently conducted a visit and provided feedback.

This Internal Audit review provides management with assurance over the adequacy of the measures put in place and level of compliance at a sample of GMFRS fire stations and other premises.

1.2 Audit Objective

The objective of this audit was to provide assurance that GMFRS have developed and implemented appropriate measures to minimise the risk of COVID-19 transmission in the workplace, in line with expectation set out in the Manager's Handbook and NFCC guidance.

1.3 Scope

Specifically, the audit assessed controls in the following key areas: -

- Manager's Handbook: confirmation that it encompasses all relevant guidance/ considerations provided by NFCC;
- Completeness of COVID-19 workplace risk assessments;
- Physical arrangements in place on premises (for example safety checkpoint notices, arrangements for social distancing);
- Awareness of and adherence to measures set out in the Manager's Handbook and application of these; and

- Observation of cleaning regime (where possible) and completion of checklist.

The audit included visits to 16 Fire Stations across GM which reviewed arrangements for COVID-19 safety measures in place for the station premises, fire appliances and equipment. Visits were also undertaken at Fire Service Headquarters (FSH), Bury Training and Safety Centre (BTSC); Manchester Training Centre (MTC); and Leigh Technical Services (LTS). All visits were conducted as announced visits with notice given in advance.

Limitations:

During site visits, the Internal Audit team sought to observe compliance with the arrangements put in place and noted areas of compliance and non-compliance. We are unable to provide assurance that Manager's Handbook guidance is complied with outside of the workplace visits. This audit did not encompass community activities and travelling in fire appliances.

The visits were undertaken on a sample basis and therefore we cannot provide assurance across the whole estate.

1.4 Audit Opinion

We can provide a **reasonable level of assurance** that appropriate COVID-19 secure control measures are being developed and are in place at fire stations and other main buildings and that there is general compliance with these.

Note: Due to the nature of this audit, the usual Internal Audit scoring mechanism (appendix 3) was not applied. Instead, an assessment of the level of assurance has been provided based on the results of the compliance testing.

Good practice

We observed several areas of good practice across all areas which included,

- COVID-19 risk assessments displayed in stations;
- Evidence of social distancing being applied;
- Enhanced workplace cleaning routines in place; and,
- New contractors and visitors signing in books in use.

Areas for improvement

- Building occupancy management expectations should be defined across the estate so it can be demonstrated that occupancy is being monitored.
- More prominent displaying of working safely notices to reinforce messaging to staff.
- Greater consideration of natural air-flow ventilation in buildings.
- Dedicated sanitising stations located in all rooms to encourage usage.
- Instructions on managing legionella risks in unused areas of buildings.
- Increased monitoring and supervision by Managers and reporting on compliance.

See below for further details.

SECURITY CLASSIFICATION: OFFICIAL

EXECUTIVE SUMMARY

1. In accordance with Article 127 of Regulation (EU) No. 1303/2013 and Article 27 of Commission Delegated Regulation (EU) No 480/2014, Greater Manchester ESF Co-Financing Organisation – GM Working Well Programme project has been reviewed by the Audit Authority. The scope of this review was provided in the Terms of Reference, issued to the grant recipient on 04 September 2020.
2. No issues were identified at this audit.
3. We have examined the expenditure in claims detailed in Annex A and did not identify any expenditure claimed in error.

Claim(s) value (£GBP)	9,187,892.87 ¹
Ineligible expenditure (£GBP).	0
% of claim value ineligible (%)	0
Other expenditure affected (outside of project)²	N/A

4. A more detailed account of the above figures is at Annexes A.
5. Project outputs were being recorded and reported in line with the conditions specified in the Funding Agreement. Data quality and accuracy of the related Participant Data Schema (PDS) tested through a discrete sample of participant records confirmed eligibility of participants.
6. We would like to thank stakeholders within GMCA and partner organisations for their support and cooperation throughout the course of this review.

▲ **LIMITATIONS TO SCOPE**

7. There were no limitations of scope.

ANNEX A: ARTICLE 127 - CLAIMS SAMPLE (INCLUDING ERROR QUANTIFICATION)**Audit findings**

Claim(s)	Value	Tested	Projected Error
18Q03/19-/a	£2,213,835.32	£2,213,835.32	£0
18Q03/19-/b	£6,689,760.00	£19,830	£0
19Q02/22-/i	£284,297.55	£284,297.55	£0
Total:	£9,187,892.87	£2,517,962.87	£0

When we initiated our audit, you will have received our Terms of Reference which sets out the Audit Authority's sampling approach and how we will project our audit findings to the level of the claim.



GMCA%20Revised%20Terms%20of%20Ref

Flat-Rate Technical Assistance

The Department for Work and Pensions has implemented the provisions of Commission Delegated Regulation 2019/1867 concerning the flat-rate financing of technical assistance that supports administration costs of the ESF programme. Where our findings refer to values of technical assistance, these have been claimed by DWP from the European Commission on a flat-rate basis as foreseen in the forementioned regulations. If your organisation receives technical assistance via alternative routes, that will not be affected. The amounts above will not be audited by us, and you will not be expected to evidence these costs. However, if we identify any irregular expenditure in our review, we will apply this to the technical assistance element also. This element, however, is treated differently; application of a financial correction in this regard will follow a different route. Any financial errors in this report reflect those identified through our GR/Provider testing. If we have queries relating to the TA element, we will liaise with the DWP separately. If you have any questions relating to [this](#) please discuss with your contract manager in the DWP.