

GMCA Audit Committee

Date: 22 January 2021

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.

RECOMMENDATIONS:

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

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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: One

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 a number of agreed actions for implementation. Each action has a named responsible officer and an agreed target implementation date.
- 1.2 Previously, the responsibility for tracking implementation of agreed audit actions was held by Management, with quarterly reports on the implementation status provided to Audit Committee. In June, we reported that Internal Audit had taken responsibility for this process and providing assurance that progress is being made on actions to address identified risks.
- 1.3 This report provides an overview on the latest position of Internal Audit actions which were outstanding prior to this meeting.

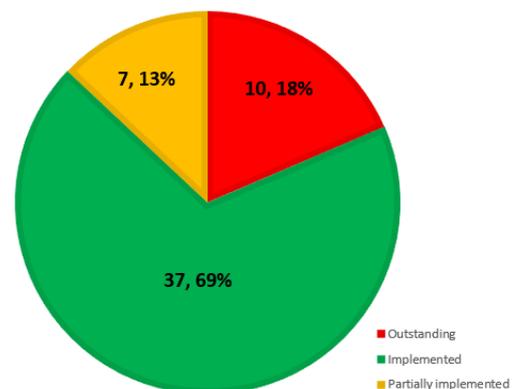
2 Agreed Process

- 2.1 It is the responsibility of management to implement audit actions on time and update the tracker. To aid facilitation of this, Internal Audit introduced a revised action tracker which is shared with risk owners to allow direct input of updates on progress of outstanding recommendations.
- 2.2 GMCA Senior Leadership Team have responsibility for overseeing the timely implementation of audit actions and the impact of risk.

3 Current Status

- 3.1 Since the last report in September 2020, we are pleased to report an improved position on implementation of audit actions, with several longstanding actions now implemented.

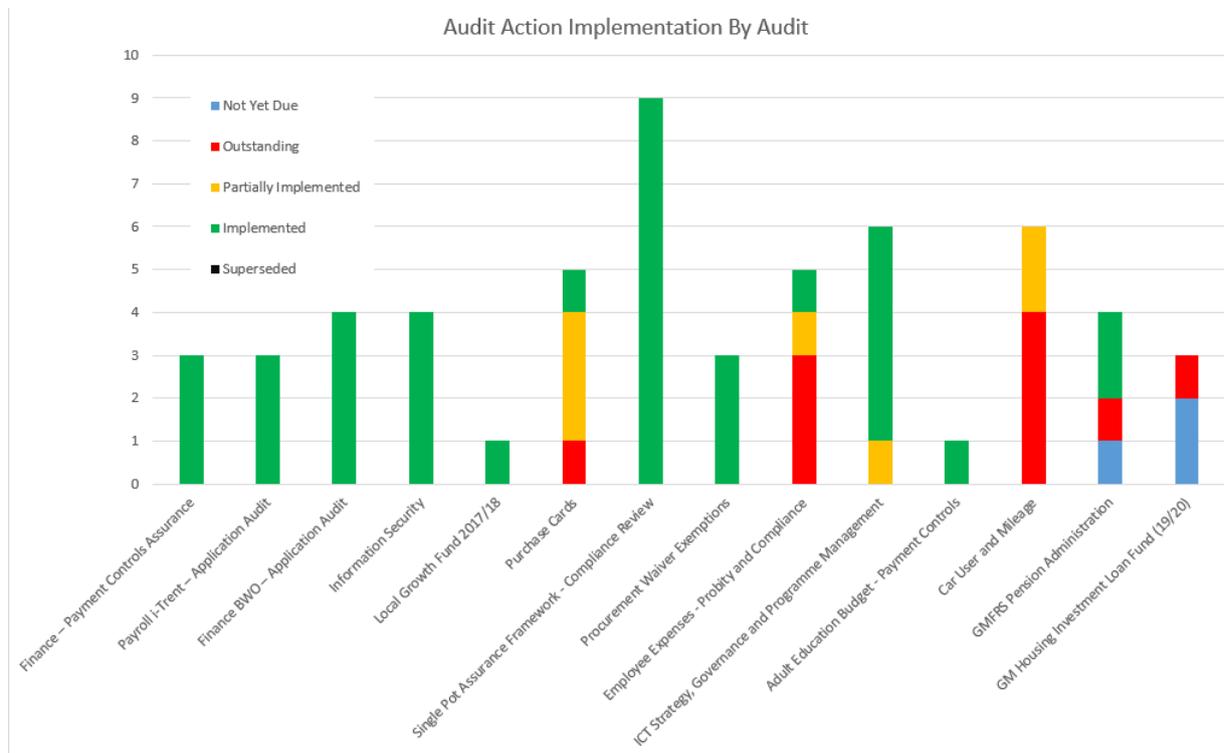
As at January 2021, **69%** of audit actions have been implemented. This represents an improvement from the Q3 position of 42%.



The target implementation rate is 85% so there is still progress to be made. Internal Audit continue to monitor action implementation and now report progress to SLT on a regular basis.

4 Analysis of Audit Actions – by Audit

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



4.2 Looking across the audits undertaken in 2019/20 and 2020/21, outstanding actions in relation to three reports (Purchase Cards, Employee Expenses and Car Mileage) can be attributed to delays in the agreement and roll out of revised policy frameworks with unions which have taken them beyond previously agreed target dates.

4.3 For the other two outstanding actions, one relates to a low risk finding in the GMFRS Pensions Audit regarding the design of a form and the other relates to a medium risk finding within the Housing Investment Loan Fund audit regarding the decision process for the Small Loan Fund. A revised date of February 2021 has been provided for that action.

4.4 The action in progress for the ICT Strategy, Governance and Programme Management audit relates to the acquisition of an IT Service Management Tool. This has been done and is due for implementation in March 2021.

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

Status	Total	Critical (Major)	High (Significant)	Medium (Moderate)	Low (Minor)
Implemented	36	2	21	12	1
Partially Implemented	7	2	3	2	0
Outstanding	10	0	3	5	2
Not Yet Due	3	0	0	2	1
Total	54	4	27	21	4

Note: The terms in brackets relate to the legacy finding rating methodology. Those have been mapped to the current methodology of Critical, High, Medium and Low.

5.2 The two Major findings that are in progress both relate to the approval of policies, which as mentioned in 4.2 above require approval from Unions. Details of outstanding audit actions are provided in Appendix A.

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Status of Overdue Actions

Audit Title	Risk Rating	Summary of Audit Recommended Action (taken from Audit Report)	Management Response to Agreed Action	Target Date	Responsible Officer	Implementation Status	Management Update on Progress
Purchase Cards (Jan 2019)	Significant	An updated and refreshed Purchase Card policy and user guidance to be shared across GMCA.	A revised purchase card policy will be produced, linked to the GMCA Expenses policy, providing clearer instruction and guidance on acceptable usage, approval requirements and management expectations.	April 2019	Head of Procurement	Partially implemented	<p>Purchase Card Policy requires final approval following amendments in line with expenses policy (Green Book approved, however Grey Book still requires approval). Some policy areas dependant on finance system (BWO) improvements - namely punch out suppliers commonly procured by PCard.</p> <p>Monthly internal checking of PCard receipts now operating to check approx 10% of transactions and all over £500. Importance of this element communicated to all budget holders.</p> <p>Internal Audit Opinion: Revised Policy drafted but this needs to be rolled out across the organisation.</p>
Purchase Cards (Jan 2019)	Significant	Approval process requires a clear distinction between the role and responsibilities of the 'line manager' and 'cost centre manager' for independent checking and	Approval process to be amended as part of revised policy to ensure that line managers have responsibility for approval of cardholder spend.	March 2019	Head of Procurement Sam Pickles	Partially implemented	Plan to amend existing approvals from cost centre manager to line manager as part of revised guidance and policy. This was a more complex piece of work than initially envisaged and required Technical consultancy to support

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		approval of cardholder spend.					on system update. Line Manager approval process has been created in test and management are planning when this can be transferred to live system. Internal Audit Opinion: Progress has been made is being made but further work is required.
Purchase Cards (Jan 2019)	Significant	Unapproved Spend within the system must be dealt with as part of the monthly reconciliation process and month end procedures.	Process to be agreed and introduced to ensure all expenditure is posted to the financial ledger.	Feb 2019	Head of Procurement Sam Pickles	Outstanding	Internal Audit Opinion: Further work is required to analyse the level of outstanding approvals in the system and monthly reconciliation process. IA to seek further evidence of this from Finance.
Purchase Cards (Jan 2019)	Moderate	The review and update of purchase card guidance should include examples of acceptable and non-acceptable usage.	Revised p-card policy to provide clear guidance on acceptable and non-acceptable use of cards. Trade/business accounts to be explored and set up for relevant spend areas.	April 2019	Head of Procurement Sam Pickles	Partially implemented	The revised Purchase Card policy has been drafted and is awaiting approval. Alternative online business travel/accommodation solution now procured with Click Travel via AGMA. Anticipated implementation, training and go live date likely to take approximately three months. Effective usage, uptake and contract management should reduce p-card expenditure in this area. Internal Audit Opinion: Revised Policy drafted but not yet implemented.

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<p>Employee Expenses - Probity and Compliance (July 2019)</p>	<p>Major</p>	<p>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>Agreed - Actions will be the responsibility of the Payroll and Pensions Manager</p>	<p>March 2020</p>	<p>Payroll and Pension Manager</p>	<p>Partially Implemented</p>	<p>A new Employee Travel, Mileage & Expenses Policy has been drafted and submitted to the Joint Trade Unions meeting in September 2020. The policy has been split between green/red and grey/gold book processes. The green/red book policy has been agreed with the union and has now been published on the staff intranet and highlighted on the staff newsletter. The grey/gold book policy is under negotiation with the unions. Internal Audit Opinion: Awaiting agreement with Unions</p>
<p>Employee Expenses - Probity and Compliance (July 2019)</p>	<p>Moderate</p>	<p>Monitoring and Reporting: There should be at least 6 monthly reporting to SMT/CLT of spend across various expense types to ensure this remained consistent with policy expectations.</p>	<p>Agreed</p>	<p>Arch 2020</p>	<p>Payroll and Pension Manager</p>	<p>Outstanding</p>	<p>Once policy agreed relevant reports to be submitted to SMT/CLT for discussion. Internal Audit Opinion: Remains Outstanding</p>
<p>Employee Expenses - Probity and Compliance (July 2019)</p>	<p>Minor</p>	<p>VAT: Consideration should be given to the process for reclaiming VAT on relevant VAT expense claim transactions.</p>	<p>Agreed</p>	<p>March 2020</p>	<p>Payroll and Pension Manager</p>	<p>Outstanding</p>	<p>No process in place for this at the moment but will investigate and check our systems will pick up this data for future claims. Internal Audit Opinion: Remains Outstanding</p>

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<p>Employee Expenses - Probity and Compliance (July 2019)</p>	<p>Moderate</p>	<p>Eligibility and Policy Compliance: The draft policy guidance provides greater clarity over acceptable usage and claim rates in respect of travel, meals and hospitality. However, Management should consider the appropriateness of some existing expense claims in line with revised policy expectations and behaviours. Any known entitlement exceptions to standard policy conditions should be clearly stated.</p>	<p>Agreed</p>	<p>March 2020</p>	<p>Payroll and Pension Manager</p>	<p>Outstanding</p>	<p>Once the policy has been approved, we will liaise with Finance about compliance checks and whether claims are appropriate. At present any claims which are not deemed appropriate are challenged by the Payroll Team and relevant advice is given.</p> <p>Internal Audit Opinion: Remains Outstanding</p>
<p>ICT Strategy, Governance and Programme Management (Sept 2019)</p>	<p>Significant</p>	<p>Management should seek to implement a centralised and consistent approach to ICT projects across each of the services.</p>	<p>Invest in an IT Service Management Tool to track and record the service catalogue as part of an ITIL approach.</p> <p>Secure agreement from GMCA SMT/ ELT and GMFRS CLT/LT that no expenditure on ICT solutions should be approved without prior consideration by technical expertise in Digital ICT Services.</p> <p>Ensure through the Finance and Procurement Teams that</p>	<p>March 2020</p>	<p>Chief Information Officer</p>	<p>Partially Implemented</p>	<p>An ITSM tool has been purchased and is currently being implemented via a project (ref DSPB020). Anticipated go-live is March 2021. A Service Catalogue will be a deliverable that is supported by the successful implementation of the ITSM. The current BCM situation has continued to impact on the delivery of the Service Catalogue as the designated owner has been extensively involved in support the organisation's shift to a 'work from home' specifically around the issues of new kit. the focus on BCP during the COVID pandemic.</p>

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			potential ICT spend is flagged for attention.				Internal Audit Opinion: delayed due to the COVID-19 Pandemic
Car User and Mileage (June 2020)	Major	Policies and Procedures	An Employee Travel, Mileage & Expenses Policy which details claims which can be made through Payroll, to be drafted for consultation.	June 2020	Payroll and Pension Manager	Outstanding	A new Employee Travel, Mileage & Expenses Policy has been drafted and was due to be submitted to the Joint Trade Unions meeting in September 2020 for discussion Internal Audit Opinion: Outstanding – awaiting agreement with the Union
Car User and Mileage (June 2020)	Moderate	Eligibility and Policy Compliance	The claim forms will be reviewed prior to the launch on MiPlace to ensure they support HMRC and GMCA policy expectations.	July 2020	Payroll and Pension Manager	Outstanding	Aug20: Once the policy has been approved the forms will be reviewed prior to the online launch. Internal Audit Opinion: Outstanding
Car User and Mileage (June 2020)	Significant	Policy Revisions	Details of the proposed policy to be submitted to SMT/CLT for approval. FAQs to be drafted once policy agreed	August 2020	Payroll and Pension Manager	Outstanding	26.8.2020 As above, when agreed by Trade Unions, this will be submitted to SMT/CLT for final approval together with the FAQ's. 26.10.20 With the exception of the policy for grey book workers this has now been agreed by the union and will be submitted to SLT at the next meeting after which it will be launched across the authority. 12.1.21 The policy for non operational staff has now been

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							approved and published on the intranet
Car User and Mileage (June 2020)	Moderate	Systems and Processes	iTrent Systems Team to liaise with Payroll to set up online all mileage and Payroll expense claims via MiPlace.	August 2020	Payroll and Pension Manager	Partially Implemented	<p>26.8.2020 Online mileage claims are now processed online, online expenses will follow once approval of the policy has been approved.</p> <p>26.10.2020 All online mileage claims are now processed via Miplace and the plan is for expenses claims to follow by December.</p> <p>12.1.21 Online expense claims can now be made via MiPlace for green/red book employees</p>
Car User and Mileage (June 2020)	Moderate	Monitoring and Reporting	iTrent to provide bi-annual reports to SMT/CLT with effect from October 2020 onwards	September 2020	Payroll and Pension Manager	Outstanding	26.10.20 Once the new policy is agreed and published regular reporting will be put in place.
Car User and Mileage (June 2020)	Significant	Private Vehicle Insurance and Document Validation	Discussions to take place with Director of Corporate Services to confirm business insurance needs required by employees. When the MiPlace Self Service is launched we will reiterate to Managers that they must request relevant documents before a	September 2020	Payroll and Pension Manager	Outstanding	26.10.20 This will be completed following the publication of the new policy.

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			claim is approved and retained by the Manager. Discussions with iTrent will follow after launch to enable the download of documents onto iTrent.				
GMFRS Pension Administration (Sept 2020)	Low	Improvements required to the Widow's application form	The widow's pension application form will be adjusted to allow for the provision of alternative information where necessary e.g. to enter a different surname or living arrangements.	September 2020	Payroll and Pension Manager	Outstanding	26.10.20 - This has not yet been changed as the team continue to assess the sensitivities of the situation. It is not thought appropriate that the main form is changed for this information but how this can be approached is being reviewed.
GM Housing Investment Loan Fund (19/20) (September 2020)	Medium	Review of Small Loan Fund Schemes by Gateway Committee	The Gateway Panel will be consulted to confirm that they agree with the decision to remove them from the approval and review process for Small Loan Fund schemes. If this is agreed the process will be updated.	December 2020	Laura Blakey / Michael Walmsley	Outstanding	In putting together a note on this for Gateway, it became clear that the full terms of reference for the gateway and the credit committee would benefit from a refresh; this issue will therefore be picked up as part of that. Estimated completion for the refresh of the ToR is February, so new target implementation date of 28/2/21 within the service. Internal Audit Comment: Given the increased scope of action the extension to the target date seems reasonable.