

## **GMCA Audit Committee**

Date: 27 April 2021

Subject: Internal Audit Progress Report

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

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### **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:**

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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

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
<b>EXEMPTION FROM CALL IN</b>		
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 held on 22 January 2021, we have issued four published final reports as noted below.

- **GM Fire and Rescue Service - Fleet Services** – This report provided a **Reasonable assurance opinion** on the overall control framework to manage the risks associated with the management and maintenance of GMFRS fleet vehicles and equipment based at Leigh Technical Services Centre. The audit reflected a good level of assurance associated with vehicle and equipment inspection and maintenance which is an essential aspect of the service. The report also identified several improvement actions including the necessity for a full review and update of the B-fleet strategy and vehicle replacement programme for GMFRS operational and non-operational support to ensure the size, mix and type of vehicles required for usage across the service is future proofed. The report was shared with the GMFRS Executive Team and the Deputy Mayor with improvement actions agreed.
- **GMCA Payments: Post event assurance of payments made during the COVID-19 pandemic** – This audit report provided a **reasonable assurance opinion** over the robustness of accounts payable processes operated during the first phase of lockdown. The findings from this audit mainly related to matters of compliance, rather than any significant control design issues. The report identified eight improvement actions which were agreed by management. In line with standard process, Internal Audit will monitor implementation of the actions.
- **GMCA Risk Management Maturity** – This audit of the arrangements for risk management concluded that the organisation as a whole, falls within the “Emerging” phase of risk management maturity, and identified areas for improvement in risk management systems, policies, procedures and practices. As expected, GMFRS has a mature risk management framework and processes in place, which is reflective of a specialist ‘blue light’ front line service. Progress is being made to develop and implement the GMCA risk management framework and an implementation plan has

been agreed which will lead to improved training and awareness and more standardised and consistent action plan.

- **Grant Certification: Additional Dedicated Home to School and College transport** - This £2.2m grant certification was finalized in January 2021 and signed certification returned to the Department of Education.

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 reasonable and we have continued to keep the plan under review. Several audits have taken longer to complete than initially expected due to their complexity and the impact of COVID19 pandemic and changes in working arrangements which has impacted on capacity and client availability. We have made several changes to the audit plan, and whilst some audits remain ongoing and will be finalised during April and May, we have made proposals to defer a small number to the 2021/22 audit plan.

## 2.2 Internal Audit work in progress

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

<b>Planning Stage</b>	
Procurement – Contract Award	The Terms of Reference for this audit was agreed but commencement of the work was deferred to Q1 of the 2021/22 plan at the request of management.
Programme and Project Governance	Proposed scope and approach for the review discussed with the GMCA Programme and Project Network Group. This audit to be conducted in Q1 of the 2021/22 plan.
ICT Security Audit - Outsourced	Discussions have taken place with Salford Internal Audit Service on a package of work across GMP and GMCA. We have agreed with ICT a scope of work around cyber security that will be undertaken in Q1 2021.

<b>Fieldwork Stage</b>	
Waste & Recycling Contract – Payment and Verification Processes	The Greater Manchester Combined Authority (GMCA) is responsible for the Waste Disposal Functions for nine of the ten GM districts and is the accountable body for the management of the contracts. This audit is progressing well and will provide assurance over the core payment processes in place for the contracts, ensuring there are adequate cost control arrangements, invoicing and payment structures and deductions.
Grant Certification: Peer Network Funding to Local	Work ongoing to certify expenditure in relation to this grant, prior to sign off and submission by 30 April 2021.

Enterprise Partnerships 2020/21	
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Reporting Stage	
Mayoral Advisors	Draft report issued. The final report will be provided to the next Audit Committee meeting.
GMCA Performance Management and Reporting	This audit formed part of our annual review of corporate governance processes. The work has focused on internal and external performance reporting arrangements for the GMS and Directorate priorities. Fieldwork is complete and a draft report being prepared.

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. We have deferred several reviews for inclusion in the 2021/22 plan and one addition to be completed this year.

- **Grant Certification:** Peer Network Funding to Local Enterprise Partnerships 2020/21. We were requested at short notice to complete this certification which is due 30 April 2021.
- **GMFRS Training:** We propose to defer this audit to the 2021/22 plan to allow the scope of the audit to be agreed with the new GMFRS Director of Service Development.
- **Procurement Contract Award:** Proposal to defer this work to Q1 of 2021/22 plan at the request of management.
- **Programme and Project Governance:** This audit will be conducted during Q1 of 2021/22 plan.
- **Adult Education Budget:** A scoping discussion was held with management in January, but no immediate priority areas for review were identified. As such, we propose to defer any further work until 2021/22. Aspects of performance reporting for the Education, Work and Skills Directorate have been included as part of the GMCA performance management and reporting audit.

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 received the matches from the NFI 2020/21 data matching exercise in early 2021 and we are progressing reviews of these matches in conjunction with Finance and Payroll colleagues. These datasets include GMFRS Pensions, Payroll and Trace Creditors. Outcomes of the investigations into data matches will be reported to Audit Committee. From the investigations undertaken to date, no instances of fraud have been identified.

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

- No whistleblowing reports relating to GMCA have been reported since the last Audit Committee meeting. One report was received by Internal Audit but it did not relate to GMCA, the complainant was guided to the relevant reporting route.

### **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 (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 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.						✓	
GM Fire Service Fleet Services Review	Reasonable		1	5	1	1		✓	
GM Payments During Lockdown	Reasonable			3	3	2	✓	✓	

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

## 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	●	●	●	●	April 2021	Completed
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	⊙	○	○	○		Deferred to Q1 21/22
Chief Executives Office	Governance	Mayoral Advisors	Q2	●	●	●	○		Reporting

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
GMFRS	GMFRS	Pensions administration	Q2	●	●	●	●	November 2020	Completed
GMFRS	GMFRS	GMFRS Fleet	Q2	●	●	●	●	April 2021	Completed
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	●	●	●	●	April 2021	Completed
Chief Executive's Office	Governance	Risk Management Maturity	Q3	●	●	●	●	April 2021	Completed
Corporate Services	<del>HROD</del>	<del>Investigation process</del>	Q3	⊙	○	○	○		Deferred
Corporate Services	<del>Finance</del>	<del>Procurement – Contract Award</del>	Q3	●	○	○	○		Deferred to Q1 21/22
Corporate Services	Governance	Code of Corporate Governance (Performance Mgt and Reporting)	Q4	●	●	⦿	○		Was Q2, delayed to Q4

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Governance	Delegated Authorities	Q4	○	○	○	○		See Appendix C
Corporate Services	Waste	Core financial processes (Waste)	Q4	●	●	●	○		Fieldwork complete
Work and Health	Work	Working Well	Q4	●	○	○	○		See Appendix C
Education	AEB	Advice regarding AEB Assurance framework	Q4	●	○	○	○		See Appendix C
Corporate Services	ICT	Cyber Security	Q4	●	○	○	○		Work agreed in principle, Q1 2021/22
GMFRS	GMFRS	Training	Q4	○	○	○	○		Deferred to 21/22 see Appendix C
Grants	Corporate Services	Peer Network Funding to LEP 2020/21	Q4	●	●	○	○		Late notification see Appendix C

<b>Other Audit Activity</b>		<b>Quarter</b>
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 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
Education, Work and Skills	GM Work and Health Programme (Q4)	Q4	20	Removal from Plan	<p>Client scoping discussion was held, However, the Government Internal Audit Agency (GIAA) had 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 &amp; Health Programme contracts.</p> <p>GIAA provided a <b>positive assurance opinion</b> 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>	
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.	
Programmes and Projects	Programme Governance	Q4	20	Deferred to 21/22	To be undertaken Q1 2021/22	
GMFRS	Training	Q4	20	Deferred to 21/22	This audit deferred to 2021/22 at the request of management. Scope of work to be agreed with the new GMFRS Director of Service Development who will join the organization on 1 April.	

## Appendix D - Executive Summary for Final Published Reports

### GMFRS Fleet Services Management and Maintenance

GMFRS Fleet Management and Maintenance  
EXECUTIVE SUMMARY

FINAL

#### EXECUTIVE SUMMARY

##### 1.1 Background and Context

Greater Manchester Fire and Rescue Service (GMFRS) has an operational fleet of 224 vehicles which is comprised of 119 specialist blue light 'Operational Vehicles' (A-Fleet); and 105 commercial 'Support Vehicles' (B-Fleet). Within the fleet there are also over 2500 items of operational equipment, including 400 breathing apparatus (BA) sets, 170 chemical protection suits as well as a range of other plant and ancillary equipment.

An Asset Management Strategy (Vehicles) dated August 2018 sets out the plans for managing the vehicle fleet over the medium to long term to meet the operational requirements of the Service. It has been prepared to co-ordinate the procurement, provision, development, maintenance, and disposal of the GMFRS's fleet.

Leigh Technical Service Centre (LTSC) is a facility that supports the delivery of a front-line emergency service and carries out all fleet management operations as well as vehicle, plant, and equipment maintenance on behalf of GMFRS. It also encompasses the warehouse, stores and logistics operations that directly supports all GMFRS operational teams and facilities. This support is provided 24/7 and 365 days per year. There is a total of 38 staff within the fleet management, maintenance and BA teams including 6 mobile Technicians/Inspectors that carry out on-site inspections and repairs on station.

There is significant complexity in the wide range of vehicles and equipment managed and maintained by the teams at LTSC and on community fire stations. The quality of work expected of the team is of a very high standard and in line with the strict requirements of the National Fire Chiefs Council.

##### 1.2 Audit objective

The objective of this audit was to provide assurance over vehicle fleet management and maintenance programme.

Specifically, the audit examined the arrangements for:

- **Fleet Management:** ensuring that there is clear strategy for vehicle supply, management, and usage and this is aligned to meet GMFRS service needs.
- **Fleet Maintenance:** ensuring that there are effective processes and controls around service inspections, budgeting for fleet maintenance, monitoring of costs and how value for money is achieved, including utilisation of workshop staff and equipment.

##### 1.3 Scope and Approach

The scope of the audit was limited to the arrangements surrounding the fleet services workshops, specifically considering the arrangements for the vehicles that make up the A and B-fleet.

The Deputy Mayor had specifically requested information on B-fleet vehicle usage following concerns over underutilisation of B-fleet vehicles.

A strategy paper on B-fleet vehicle replacement has been requested by the Deputy Mayor's Executive (DME) and it was agreed at the DME meeting in January 2021 that the findings from this internal audit report would inform and support the development of that strategy.

#### **Limitations**

The audit was conducted during Covid-19 pandemic which restricted audit testing. Physical checks to confirm the location, current mileage, and records to support the actions in the driver's handbook of individual vehicles were not undertaken as part of the audit.

The scope of this work did not include a review of systems or processes relating to Central Stores at Leigh Technical Services.

We did not include procedures for the use of fuel cards as part of this review. Both aspects of activity will be considered for inclusion in future audit plans.

#### **1.4 Audit Opinion**

Overall, given the broad scope of the audit we can provide a **reasonable assurance opinion** on the overall control framework to manage the risks associated with the management and maintenance of GMFRS fleet vehicles and equipment.

This opinion is largely predicated on a good level of assurance gained over fleet maintenance, service, and inspection elements of LTSC as well as assurance over the A-fleet vehicle replacement strategy. Our opinion takes into consideration:

- We have a good level of assurance over vehicle and equipment maintenance services insofar as these are being conducted in line with planned service and inspection schedules and within legal timeframes, with regular reporting taking place. This is a critical part of the service supporting over 4000 items of equipment annually.
- LTSC provides a 'one stop shop' for all GMFRS vehicle and equipment maintenance and repair. This 'in-house' model provides the ability to prioritise emergency repairs and ensure the availability of experienced, trained qualified staff.
- There is an overarching long term vehicle replacement strategy in place and being progressed for A-fleet which is set against the fire plan that has been developed in full consultation with GMFRS Officers, Firefighters and technical staff supported by suitably flexible procurement agreements which allow improvements to be made to the design of blue light vehicles year on year.

Our opinion also takes into consideration the following areas for improvement:

- The existing long-term vehicle replacement strategy for B-fleet vehicles, requires further review and update to ensure it provides a holistic view over the size, mix and

type of vehicles required for usage across GMFRS operational and non-operational support.

- Better vehicle usage policy and monitoring is required to aid the development and implementation of this strategy.
- There is an opportunity to improve performance management around maintenance activities through ongoing development and better usage of the financial system (BWO) to support business needs and support the desired drive for greater efficiency and provide better mechanisms to carry out detailed benchmarking of service costs in order to compare to market and demonstrate Value for Money. Linked to this, minor improvements in the completeness and accuracy of data are needed.
- The existing disposals policy could be improved to determine how assets at the end of their useful life are identified and to ensure regular review of long-term 'parked' assets.

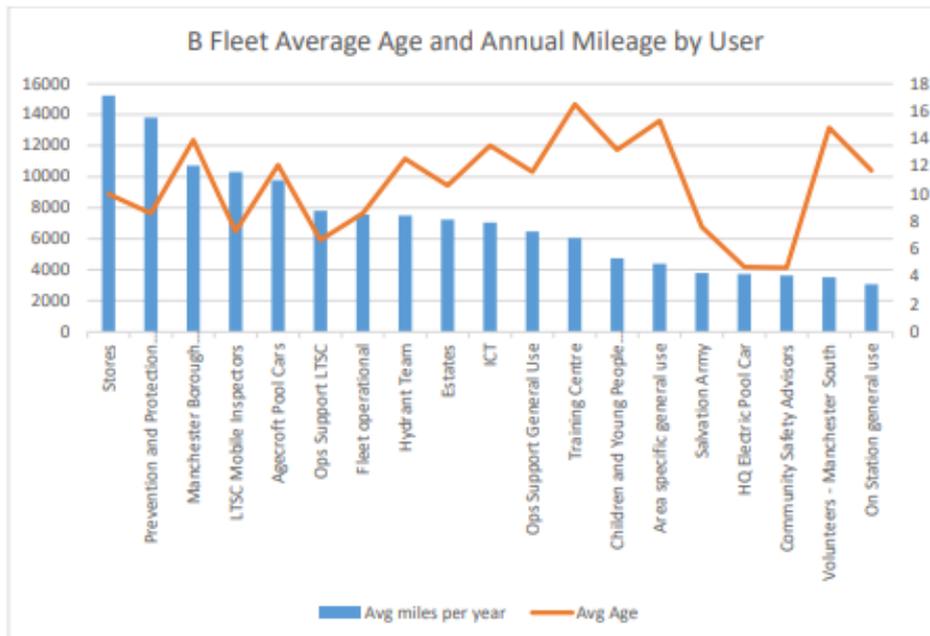
### **1.5 Key audit findings Fleet Management:**

We understand the B-fleet vehicle replacement programme has been delayed in recent years awaiting the outcome of several service reviews including Fire Cover Review and Programme for Change.

Our analysis of existing B-fleet vehicle usage showed that the fleet is split into multiple user groups, with some vehicles available for wider use and some only used by specific service users. The usage and age of the fleet varies significantly but those vehicles with the highest utilisation are normally the newer vehicles while older vehicles are utilised less (based on average mileage). Clearly the opportunity to carry out a holistic review of B-fleet vehicle replacement needs to be underpinned by establishing individual service user and usage requirements. This work is currently ongoing through the Fleet Manager and relevant stakeholders following the outcomes of PfC and the establishment of associated approved organisational staffing structures.

The chart below shows average age and mileage for each user groups (based on available data).





There is currently no live vehicle usage policy to govern the management and use of all fleet vehicles, however, the service is developing a 'Driving at Work' policy which aims to address this gap, and this seen as a positive step. At present, there is no effective system to fully manage the utilisation and efficiency of all B-fleet vehicles across the GMFRS estate, it relies upon the day to day management of staff and vehicles by individual services and management teams responsible for the functions that they manage. A large percentage of the B-Fleet has full time dedicated usage with support teams such as estates, hydrant maintenance, warehouse and stores, BA maintenance, fleet maintenance, ladders and equipment, driver training, water training and training centres. There is a proposal to fit tracking devices to all fleet vehicles, which will allow real time and historical usage to be monitored. This policy is being developed and will be subject to corporate and trades union agreement.

**Fleet Maintenance:**

We have a good level of assurance over vehicle and equipment maintenance insofar as these are being conducted in line with planned service and inspection schedules and within legal timeframes. This is a critical part of the service supporting over 4000 items of equipment annually.

Whilst we are assured over the maintenance and management of active equipment across the service our testing identified many Fleet items which were no longer active, and which had not been promptly disposed or scrapped. A disposal policy is in place for the service but

this does not include details of how assets at the end of their useful life will be identified and the process for deciding whether those items will be sold, donated or scrapped. There is also no process in place to regularly review items this class of items ('parked' on the BWO system) to ensure they are being dealt with on a prompt basis.

Whilst the primary function of LTSC is to ensure the quality and safety of vehicles for front line service operations, LTSC must ensure it remains competitive when measured against the external market, but due to the aforementioned non-availability of detailed financial job costing information through BWO it is not possible to carry out detailed benchmarking of service costs compared to other organisations. It is therefore difficult to demonstrate that the service provides value for money over the cost and quality of repairs undertaken. Fleet services was not officially included in the scope of GMFRS Programme for Change (PfC) whole service review and therefore there has been no recent independent assessment or scrutiny over its operations.

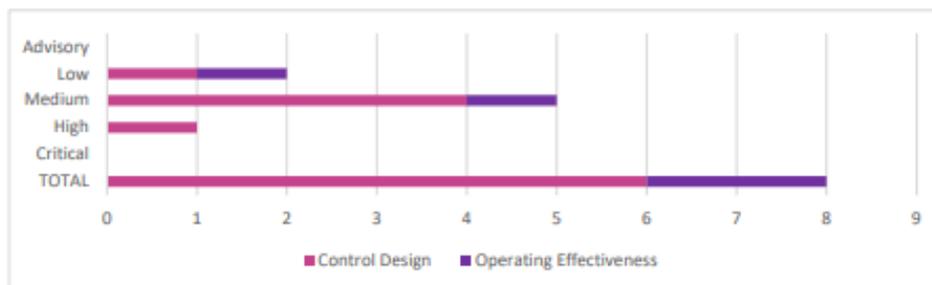
Our improvement actions to address the findings of the audit are shown at **section 1.8**. However, our detailed findings on each of the areas of scope which also explain positive aspects of assurance are shown at **Section 1.9**.

**1.6 Summary of Exceptions/Areas for Improvement**

Finding	Risk Rating				
	Critical	High	Medium	Low	Advisory
1. <b>Vehicle Replacement Strategy:</b> The current B-fleet strategy requires further review and update to ensure it is aligned to medium-and long-term operational objectives of the service.			X		
2. <b>Vehicle Usage Policy:</b> There is no policy in place to manage the usage of B-fleet vehicles across the service.			X		
3. <b>Disposal of obsolete vehicles and equipment:</b> There are some delays and backlogs in the disposal of obsolete assets.			X		
4. <b>Performance Management Framework:</b> There isn't a fully robust framework in place against which the value and efficiency of LTSC can be measured.		X			
5. <b>System data quality:</b> There are some inconsistencies in data quality which should be investigated.				X	
6. <b>Service Maintenance Charges &amp; Budget Monitoring:</b> The process for allocating and apportioning costs aligned to budgets should be reviewed.			X		
7. <b>Contract Management:</b> There is a lack of evidence to demonstrate how value for money is achieved through revenue contract spend.			X		
8. <b>Training Plans:</b> Individualised training and succession plans are required for the team.					X
<b>TOTAL</b>		<b>1</b>	<b>5</b>	<b>1</b>	<b>1</b>

**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).



### **1.7 Management Comments:**

The Audit Sponsor provided the following comments in response to the report.

The process for the GMCA internal audit of GMFRS Fleet Management and Maintenance was initiated on the 16<sup>th</sup> October 2019 with the Terms of Reference (ToR) established on the 10<sup>th</sup> August 2020 and a subsequent start up meeting held on the 17<sup>th</sup> August 2020.

GMFRS' Service Support Directorate welcomed the audit as an opportunity to work with the internal audit team in order to assess the current state of play within the organisation as well as looking at any additional areas for review and improvement that were not already being addressed. The planned scope of the audit was limited to fleet services arrangements focussing on the 'A Fleet' and 'B Fleet' vehicles as well as fleet apparatus, but excluded the warehouse and stores operations which are also operated from LTSC.

The Auditor subsequently worked with LTSC managers and staff over the following months with the initial draft report being issued for consideration and comment on the 26<sup>th</sup> February 2021, a follow up review meeting was held on the 30<sup>th</sup> March 2021 where a number of areas were raised and discussed following which some agreed changes were reflected in an final report.

Despite a wider ToR the audit has paid particular focus on the 'B Fleet' (support vehicles), procurement processes and software systems.

During the audit there was limited focus on the principle function at LTSC, namely the direct supply and support of the fleet of emergency response vehicles (The 'A Fleet') and the life critical equipment that they carry in order to deal with emergency fire and rescue incidents throughout Greater Manchester and beyond. This is an area where LTSC have advanced over the past five years, in establishing a modern front line fleet of emergency vehicles that include the latest firefighting equipment to support our Firefighters and Officers in dealing with the wide range of incidents that are faced in Greater Manchester on a daily basis.

A forward Capital Replacement Programme has been developed and agreed to cover 'A & B fleet' replacements covering a twelve year period through to 2031/32. Over the past five years 40 new emergency response vehicles have been purchased and commissioned in to front line service, these include twenty four pumping appliances, two Technical Response Unit vehicles, six Community Response vehicles, four Turntable Ladder aerial appliances, two 4x4 crew cab pick-ups and two beavertail transporter vehicles. These vehicles represent a total capital value of circa £10 million all of which have been purchased in line with OJEU procurement regulations and in full consultation with front line staff, particularly Firefighters, Officers and Technicians. The design and build specification of these new vehicles are now being followed by other Fire Services and is a reflection of the class leading quality that has been achieved by GMFRS in this area.

The LTSC management team and staff fully recognise the issues raised within the report that relate to the suitability and capability of the BWO software system in use throughout GMFRS as well as the limited resources and priorities of both the finance and procurement teams, however, these are areas that are outside the direct control of the Fleet Manager and his Team but nevertheless need to be addressed and improved as recommended within the report.

The 'B Fleet' is an ongoing issue that is being progressed as part of the outcomes of the 'Programme for Change' review and any new business case for vehicle requirements/replacements will be subject to rigorous challenge prior to corporate approval with revised business case requirements needed to support any future investment. This will lead to a reduced, more standardised, better utilised fleet that will meet the current and changing needs of the business as time progresses.

In summary although it is recognised that there are some areas for improvement highlighted within the report it is important that recognition is given to the excellent work that LTSC carry out throughout the year, 24/7, 365 days a year in maintaining the 'A fleet' of emergency response vehicles and equipment in support of GMCA/GMFRS operations and the wider community.

# GMCA Risk Management Maturity

GMCA Risk Management Maturity  
EXECUTIVE SUMMARY

FINAL

## EXECUTIVE SUMMARY

### 1. Background and Context

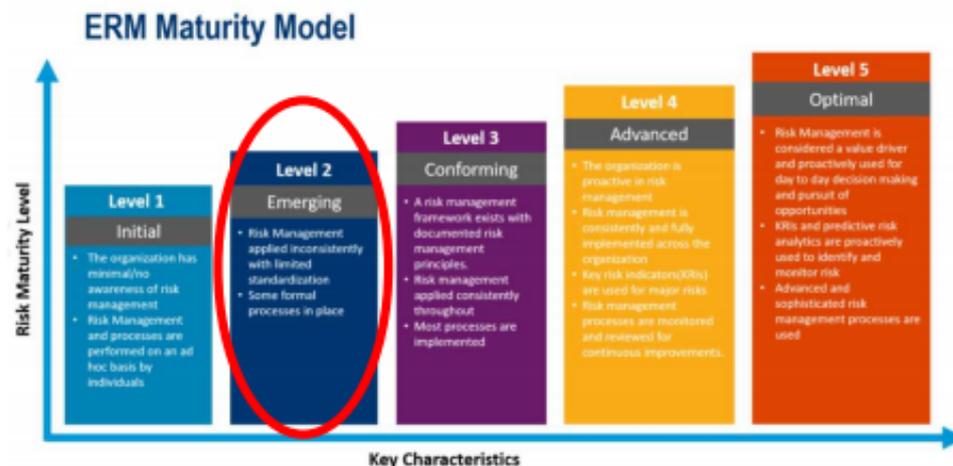
- 1.1. Since its establishment in 2017 GMCA has managed risk through the development and regular review and update of the Corporate Risk Register (CRR). This has been a relatively successful process, with CEMT and the "Corporate Risk Group" engagement throughout. However, it is acknowledged that a more robust, organisationally embedded approach to risk management will benefit GMCA. As such the Head of Audit and Assurance has been assigned responsibility for risk management across the organisation.
- 1.2. Some fundamental aspects of a good practice risk management framework are not yet in place within GMCA. To date, there hasn't existed, a standard risk management framework and guidance for use across the organisation below the corporate risk level.
- 1.3. A Risk Management Framework has now been developed and is ready to be rolled out across GMCA. However, to do this effectively, it is important to first understand the current baseline of risk maturity across the organisation. It is fully expected that there will be pockets of really strong risk management activities and culture and some that are not as developed.

### 2. Objective and scope

- 2.1. The objective of this exercise was to provide the baseline maturity assessment which can be used to prioritise focus and activity going forwards. It can also be used as the starting point for measuring risk management maturity in the future.
- 2.2. Self-assessment questionnaires were sent out to all directorates in December 2020. The questionnaires asked participants to self-assess the maturity of their risk management activities, based on a scale provided in the questionnaire. No validation of the responses has been done for this initial baselining exercise.
- 2.3. **Limitations:** The Internal Audit team are not completely independent of the current corporate risk management process and there will be certain degree self-assessment in this audit. As this initial exercise is baselining, with an acknowledgement that the framework needs to be established, it is accepted that Internal Audit will undertake this exercise. Internal Audit are independent of the GMCA Directorates' risk management arrangements and are therefore able to objectively facilitate the maturity assessment within the directorates.

### 3. Conclusion

- 3.1. The results of the Directorate self-assessments show that **the organisation as a whole, falls within the “Emerging” phase of risk management maturity** as defined in the maturity model below. This is characterised by **inconsistent, non-standardised, risk management activities** being undertaken across directorates. Whilst there some are formalised approaches, the same cannot be said for all. The Average risk maturity score across the organisation was 2.64.



- 3.2. **GMFRS, as expected, have mature risk management framework and processes in place**, scoring 4.44 out of 5 in the maturity assessment; whereas some of the other directorates scored much lower, with three scoring 1.5 out of 5.
- 3.3. The target for GMCA may not necessarily be to achieve a maturity assessment of five across all directorates but **it should be ensured that activities are in place to develop the organisational maturity to at least a level 3 of “Conforming”** and ideally a level 4 “Advanced” in the future. CEMT should determine the desired level of maturity for GMCA and support that development through “tone from the top” and appropriate resourcing arrangements.
- 3.4. Through our involvement with the Corporate Risk Register activities to date, as Internal Audit we also feel that clarity over the rationale and process for **escalating/de-escalating risks from partner organisations** such as TfGM, GMP, LEP is an important element of the risk management framework to ensure there is appropriate understanding of those risks and accountability and oversight of them.
- 3.5. Internal Audit have secured assistance from the TfGM Risk team to support GMCA in rolling out and the embedding risk management framework. This exercise helps

prioritise the activities required to do that. An initial risk workshop with SLT took place mid-February 2021, the aim of which was to familiarise SLT with the new framework, to explore the Strategic vs Organisational risk concepts and to introduce the new risk register templates. The Corporate Risk Register has been transferred to the new template. Going forwards, work will be undertaken in bringing organisational awareness up in relation to risk management through training and directorate risk workshops.

## GMCA Payments

Post event assurance of payments made during the COVID-19 pandemic  
EXECUTIVE SUMMARY

FINAL

### EXECUTIVE SUMMARY

#### 1. Background and Context

- 1.1 In March 2020, the COVID-19 pandemic and lockdown arrangements meant that GMCA staff were required to predominately work remotely from home. This led to a departure from "normal" ways of working for most of 2020/21 which can inherently lead to an increased risk of fraud or error in the organisation's payment processes.
- 1.2 Robust financial systems and processes where key controls are operating effectively reduce the likelihood of these risks occurring, but any change to the control environment or deviation from standard procedures can lead to an increased exposure to financial risks.
- 1.3 In the early part of the year and in response to the pandemic, there was a significant amount of urgent procurement and payment activity which again may mean the expected level of due diligence may not have been applied.

#### 2. Audit objective

- 2.1 The objective of this audit was to provide assurance over the Accounts Payable (AP) processes, in particular:
  - (i) that key payment processes were operating as designed, including
    - ensuring an adequate separation of duties exists and relevant levels of approval.
    - that payments were valid and evidenced by supporting documentation.
  - (ii) that any changes to procedures because of remote working had not weakened the effectiveness of the controls.

#### 3. Scope and Approach

- 3.1 We have reviewed transactions made through the key AP processes and these were considered on a risk / volume basis for inclusion in the audit testing. Key processes included: Creditor payments (supported and unsupported); payments processed via manual upload, Faster Payments (Barclays.net); Purchase card; Supplier Masterfile (Creation of new suppliers and changes to existing supplier bank account details) and employee costs, including expenses and mileage claims.
- 3.2 The audit examined transactions processed during the period 1 March 2020 to 31 July 2020, which was deemed to be the highest risk period in terms of volume of activity, time pressures, and abrupt shifts in ways of working.

#### Limitations:

- 3.3 Our review did not extend to a review of logical access controls of BWO and no internal

review on the appropriateness of user roles and permissions within BWO has been completed.

- 3.4 We have not looked at the recharging of payments for COVID specific costs incurred during the early stages of the pandemic.

#### 4. Audit Opinion

- 4.1 We provide a **reasonable assurance opinion** over the operation of Accounts Payable processes during the first phase of COVID-19 lockdown. The findings from this audit mainly relate to matters of compliance, rather than any significant control design issues.

- 4.2 The Accounts Payable process is robust and includes several payment routes including supported 3-way matching work-flowed through BWO; manual uploads for bulk payments; Faster payments through Barclays.net, and purchase cards. These processes include a mix of preventive and detective controls operating both inside and outside of the system and require appropriate requisition or payment authorisation, authorised payment runs and periodic account reconciliations.

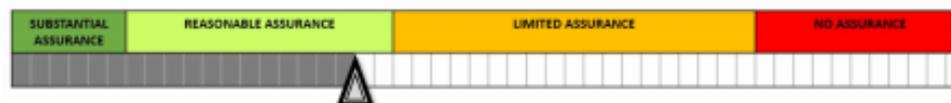
- 4.3 Our testing showed the expected control processes for the areas examined were generally operating in accordance with procedures. Our testing did not identify any significant deviation to procedures because of the shift to remote working. Where authorisation procedures have changed, particularly around approvals occurring outside the system, consideration has been given as to how to evidence the new controls (e.g. emails to support the use of electronic signatures in place of physical signatures).

- 4.4 Our sample testing did not identify any fraudulent transactions; however, it did highlight some areas where inadequate separation of duties, or controls not being operated as prescribed, may increase the opportunity for fraud or error to occur. This included:

- Retrospective purchase orders and payment of aged invoices with little evidence of goods/services receipting and checks to protect against payment errors or duplicate payments.
- Authorisation of transactions without supporting evidence, particularly in relation to purchase card transactions.
- Limited controls surrounding the production of manual cheques.
- Delays in reviews of completed bank reconciliations.
- Ineffective independent checks on changes to supplier bank details.
- General housekeeping arrangements within the supplier Masterfile to reduce the risk of duplicate payments.

- 4.5 Our plan is to undertake a further detailed review of AP systems and processes as part of our audit work plan for 2021-22.

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

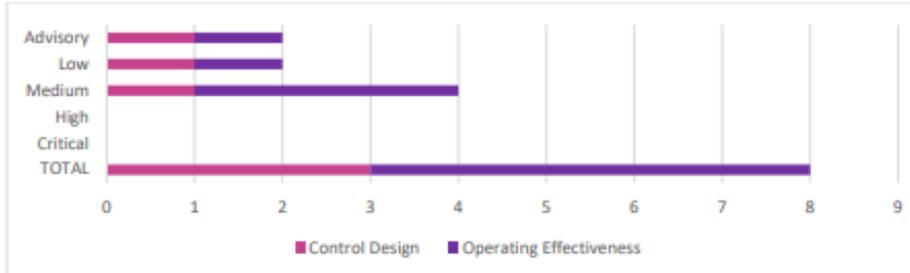


## 5. Summary of Exceptions/Areas for Improvement

Finding	Risk Rating				
	Critical	High	Medium	Low	Advisory
1. <b>Supplier Bank Account Changes:</b> are not always being actioned in accordance with expected procedures.			X		
2. <b>GMFRS Cheque Book Account:</b> A cheque book Fire imprest account is used, but controls over the use of this account require review.			X		
3. <b>Retrospective Purchase Orders:</b> 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 over 12 months old.			X		
4. <b>Bank Reconciliations:</b> ensuring adequate separation of duties exists on the main GMCA Payment and receipt account and linked Imprest accounts.				X	
5. <b>Risk of duplicate payments:</b> There are several procedural control issues to reduce the likelihood of duplicate payments occurring or increase the likelihood of detection.				X	
6. <b>Purchase Card Control Framework:</b> Some identified control issues related to outstanding actions to address previously identified risks from the audit of Purchase Cards conducted in 2019.				X	
7. <b>Additional Travel Expenses Policy:</b> The policy and procedures for processing payments for firefighters who undergo a compulsory transfer requires review and update.					X
8. <b>Direct Debits:</b> should be processed via the creditors system.					X
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>2</b>

### 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 This audit cannot provide assurance over all payments made during this period. We do consider assurances received in relation to other related audit work conducted this year, and specifically work carried out on the GM Temporary Mortuary Facility. This review did comment on initial concerns over the level of supplier due diligence due to the urgency of payments and requirements to pay suppliers up front because of unprecedented demands on the supply chain.