

## **GMCA Audit Committee**

Date: 8 July 2021

Subject: Audit Action Follow up

Report of: Sarah Horseman, Head of Audit and Assurance

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### **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.

### **CONTACT OFFICERS:**

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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**

<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

- 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 Internal Audit has responsibility for the follow up of agreed actions and reporting to Audit Committee on progress made.
- 1.3 This report provides an overview on the latest position of Internal Audit actions which were outstanding prior to this meeting.

## 2 Agreed Process

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

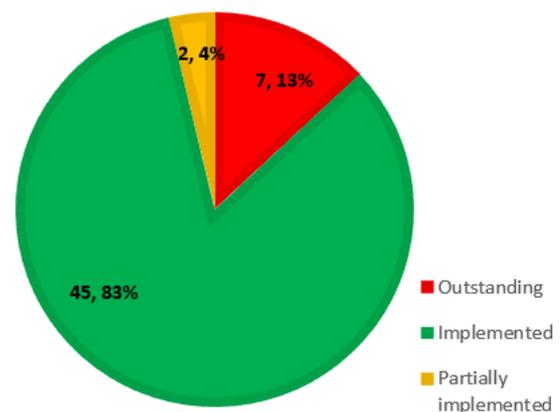
## 3 Current Status

- 3.1 Since the last report in April 2021, we are pleased to report an improved position on implementation of audit actions.

As at July 2021, **83%** of audit actions have been implemented. This represents an improvement from the Q4 position of 77%.

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.

IMPLEMENTATION RATES



## 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 two reports (Employee Expenses and Car User and Mileage) are attributed to ongoing delays in the agreement and roll out of revised policy frameworks with unions for operational staff which have taken them beyond previously agreed target dates. We have recently been informed that these policies were initially launched but have been withdrawn over an operational issue raised by the unions, implementation of these actions will be held until the policy is in use across the organisation.

## 5 Analysis of Audit Actions – by Risk Rating

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

Action Status	Total	Critical (Major)	High (Significant)	Medium (Moderate)	Low (Minor)
Implemented	44	2	25	16	1
Partially Implemented	2	2	0	0	0
Outstanding	7	0	2	4	1
Not Yet Due	10	0	1	7	2
<b>Total</b>	<b>63</b>	<b>4</b>	<b>28</b>	<b>27</b>	<b>4</b>

**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.

**Status of Overdue Actions**

<b>Audit Title</b>	<b>Risk Rating</b>	<b>Audit Finding (taken from Audit Report)</b>	<b>Agreed Management Action</b>	<b>Target Date</b>	<b>Responsible Officer</b>	<b>Internal Audit Implementation Status</b>	<b>Audit Committee Update (June 2021)</b>
Employee Expenses - Probity and Compliance 31/7/2019	Major	<b>Policy and Procedures:</b> 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.	Agreed - Actions will be the responsibility of the new Payroll and Pensions Manager (Recruitment process is ongoing)	March 2020	Payroll and Pensions Manager	Partially implemented	The Grey / Gold book policy was initially launched 11 May 2021 however it has been temporarily withdrawn due to an issue over insurance cover for those on detached duties. Work is ongoing to resolve this issue.
Employee Expenses - Probity and Compliance 31/7/2019	Moderate	<b>Monitoring and Reporting:</b> 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.	Agreed	March 2020	Payroll and Pensions Manager	Outstanding	Reporting processes are now in place with some initial reports being produced and monitored ahead of the first SLT reports to be produced over the summer.
Employee Expenses - Probity and Compliance 31/7/2019	Minor	<b>VAT:</b> Consideration should be given to the process for reclaiming VAT on relevant VAT expense claim transactions.	Agreed	March 2020	Payroll and Pensions Manager	Outstanding	VAT considerations will be addressed following the full launch of both policies.

Appendix A

Audit Title	Risk Rating	Audit Finding (taken from Audit Report)	Agreed Management Action	Target Date	Responsible Officer	Internal Audit Implementation Status	Audit Committee Update (June 2021)
Car User and Mileage 10/6/2020	Major	<b>Policies and Procedures:</b> The priority should be the agreement and roll out of a single, up to date GMCA Car User Mileage Policy and procedural framework.	An Employee Travel, Mileage & Expenses Policy which details claims which can be made through Payroll, to be drafted for consultation.	June 2020	Payroll and Pensions Manager	Partially implemented	This has been combined with the expenses policy and the Grey/Gold policy and was initially launched at the beginning of May however it has subsequently been withdrawn while an issue raised by the unions is resolved.
Car User and Mileage 10/6/2020	Significant	<b>Policy Revisions:</b> A full review of Car user mileage policy and procedural framework is required to ensure that it meets HMRC guidance, keeps business mileage costs to a minimum and reflects the flexibility of workforce activity and requirement to work across several work locations. Any agreed circumstances where exception to normal rules are applied should be reflected in the policy.	Details of the proposed policy to be submitted to SMT/CLT for approval.  FAQs to be drafted once policy agreed	August 2020	Assistant Director of Workforce Operations	Outstanding	This will be included as part of the launch of the new policies.

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Car User and Mileage 10/6/2020	Moderate	<b>Monitoring and Reporting:</b> There should be at least annual reporting to GMCA SMT/ GMFRS CLT of spend across the various mileage scheme types to ensure this remains consistent with policy expectations. High value individual claims should be monitored by Payroll.	iTrent to provide bi-annual reports to SMT/CLT with effect from October 2020 onwards	September 2020	Assistant Director of Workforce Operations	Outstanding	Reporting processes are now in place with some initial reports being produced and monitored ahead of the first SLT reports to be produced in the summer.

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Car User and Mileage 10/6/2020	Significant	<p><b>Private Vehicle Insurance and Document Validation:</b> Clarification should be sought from the GMCA Corporate Insurance Manager and GMCA Insurers over the level of cover extended to staff using private vehicles for business purposes and any exceptions to levels of cover based on existing operational practices. Scanned copies of user documents should be retained by Line Managers for all staff using private vehicles for business purposes. There should be a requirement to resubmit this information at least annually. A longer term objective should be to look at the opportunity for users to upload a copy of documentation to MiPlace and the availability of reports from MiPlace to show. - Where information has not been submitted - Where dates have expired (insurance / MOT end dates)</p>	Discussions to take place with Director of Corporate Services to identify 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 claim is approved and retained by the Manager. Discussions with iTrent will follow after launch to enable the download of documents onto iTrent.	September 2020	Assistant Director of Workforce Operations	Outstanding	Discussions around this are ongoing.

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GMFRS Pension Administration 18/9/2020	Medium	Documented process and procedure notes are not complete.	Detailed procedure and process notes will be put in place prioritising key transactions and those at most risk of challenge. The notes will include all key requirements such as requirements for supporting evidence and necessary approvals. These will be accessible to appropriate staff and regularly reviewed and updated.	April 2021	Payroll and Pensions Manager	Outstanding	Work is ongoing around this and most key procedures are now documented, work is ongoing to ensure all procedures have been documented.

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Payments and Payroll Controls 20/4/2021	Medium	<p><b>GMFRS Cheque Book Account:</b> A cheque book Fire imprest account is used, but controls over the use of this account require review.</p>	<p>a) The cheque book account will be closed, unless there is a business need for the continued operation of this account. The decision to close the account or not should consider alternative payment routes and processes for any 'miscellaneous' payments types for which the account is ordinarily used which don't fit existing creditor or employee expenses payment procedures.</p> <p>b) If the continued operation of the cheque book account remains, written procedures for the control of the account should be put in place. Expected controls include .....</p>	June 2021	Head of Finance (Management Accountancy) & Associate Partner, Transaction Finance	Outstanding	There has been no cheque activity since the start of the financial year, however there is a linked petty cash account and it is currently being confirmed that there are alternative methods for these claims in place. Once this has been confirmed discussions will be held with GMFRS to confirm that the account can be closed.