

GMCA Audit Committee

Date: 20 September 2023

Subject: Audit Action Follow up

Report of: Sarah Horseman, Deputy Director Audit and Assurance, GMCA

PURPOSE OF REPORT

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

RECOMMENDATIONS:

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

CONTACT OFFICERS:

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Equalities Impact, Carbon, and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS:

N/A

| | | |
|---|-------------------------------|--|
| TRACKING/PROCESS | | |
| Does this report relate to a major strategic decision, as set out in the GMCA Constitution? | No | |
| EXEMPTION FROM CALL IN | | |
| Are there any aspects in this report which means it should be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? | No | |
| TfGMC | Overview & Scrutiny Committee | |
| N/A | N/A | |

1 Introduction

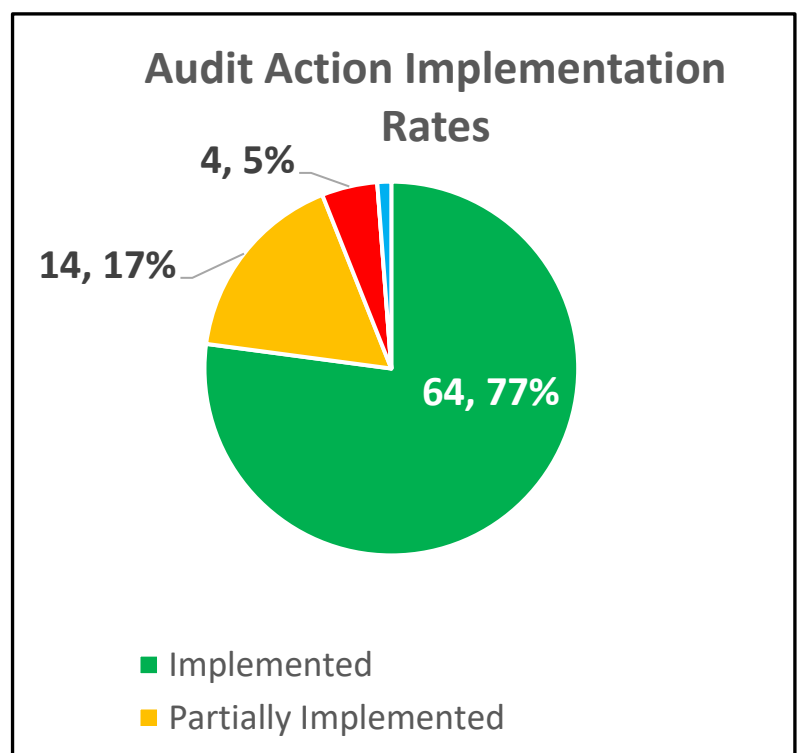
- 1.1 The GMCA Internal Audit Plan comprises a range of audits agreed by Senior Leadership Team and Audit Committee. Each audit assignment concludes with the issue of an audit report and agreed actions for implementation. Each action has a named responsible officer and an agreed target implementation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

2 Agreed Process

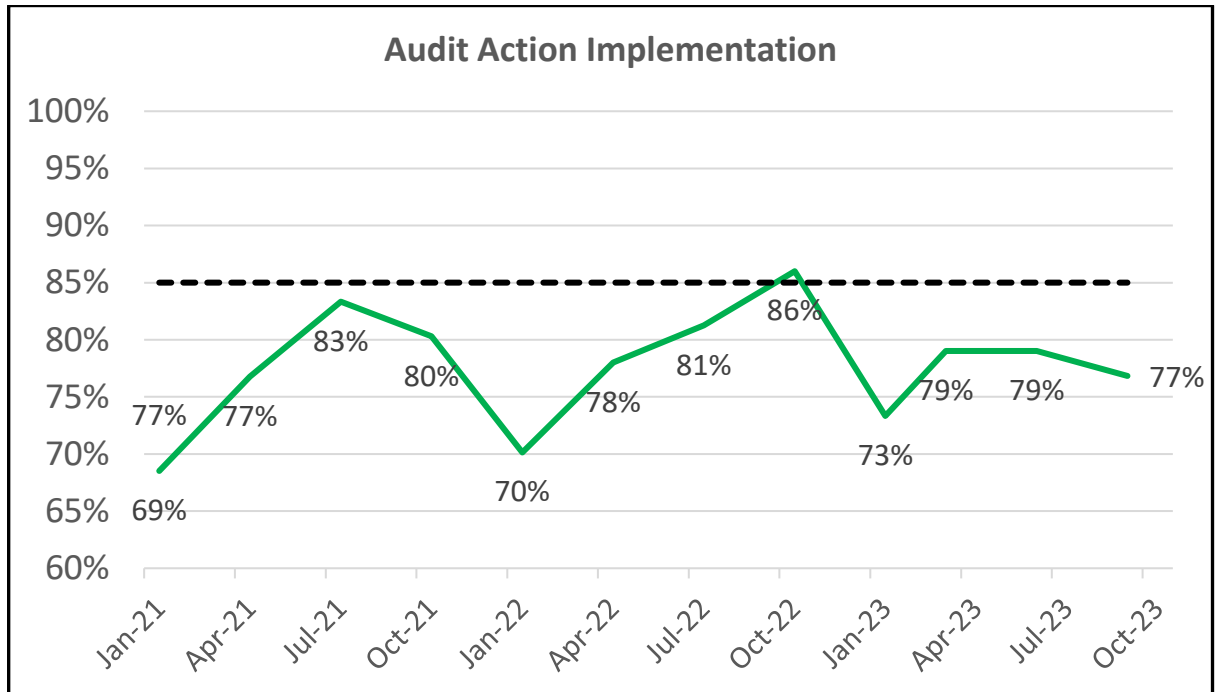
- 2.1 It is the responsibility of management to implement audit actions on time and provide updates for the tracker. To aid facilitation of this, Internal Audit maintains the action tracker which is shared with risk owners to capture updates on progress of outstanding actions.
- 2.2 GMCA Senior Leadership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

3 Current Status

- 3.1 As of September 2023, **77%** of Internal Audit actions due in the last 2 years have been implemented, against the target rate of 85%.

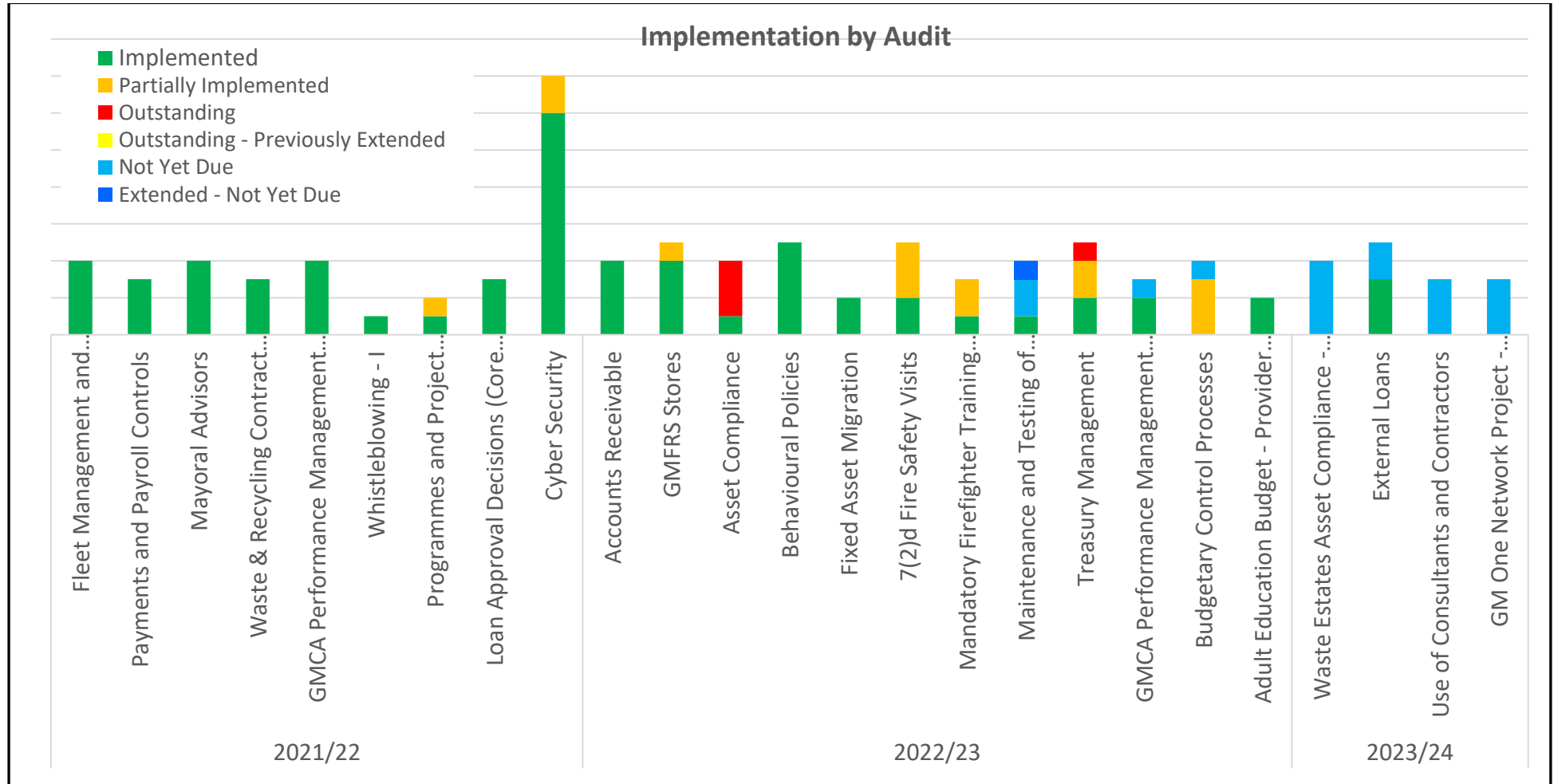


3.2 The chart below shows that implementation rates have dropped slightly on those previously reported in March 2023.



4 Analysis of Audit Actions – by Audit

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



- 4.2 Since our last report, five outstanding actions are now considered fully implemented. Eleven new actions have become due relating to Audit reports previously shared with Audit Committee.
- 4.3 Several actions remain outstanding from the GMCA Estates Asset Compliance audit, and we continue to liaise with the Estates team to understand the reasons for delay and likely completion dates. The service now has appointed a new Interim Head of Estates who is reviewing the key priorities for the service, and this will consider the outstanding actions from audit reports. The ongoing development and capabilities of the new Estates Asset Management Module remains under review.
- 4.4 Details of all overdue actions and management updates on progress have been included at **Appendix A** to allow Members opportunity to consider and comment on these.

5 Analysis of Audit Actions – by Risk Rating

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

| Action Status | Total | Critical | High | Medium | Low |
|-----------------------------------|-----------|----------|-----------|-----------|-----------|
| Implemented | 64 | 1 | 10 | 35 | 18 |
| Partially Implemented | 14 | 0 | 3 | 8 | 3 |
| Outstanding | 4 | 0 | 1 | 0 | 3 |
| Not Yet Due | 16 | 0 | 4 | 10 | 2 |
| Extended - Not Yet Due | 1 | 0 | 1 | 0 | 0 |
| Outstanding - Previously Extended | 0 | 0 | 0 | 0 | 0 |
| Total | 99 | 1 | 19 | 53 | 26 |

- 5.2 The total number of actions being tracked this quarter is 99. Five completed actions over two years old have been removed from the tracker in the current period.
- 5.3 Any actions that are over two years old but have not been fully implemented will remain on the tracker until these have been completed and reported as implemented for at least one period.

Status of Overdue Actions at September 2023

| Audit Title. | Risk Rating | Audit Finding and Agreed Management Action (Summarised version from Audit Report) | Target Date | Responsible Officer | Internal Audit Status | Audit Committee Update (September 2023) |
|---|-------------|---|--------------|--|-----------------------|--|
| Programmes and Project Management 18/11/2021 | Medium | <p>Audit Finding: There is no consistent suite of programme and project management guides, process flows, tools, and templates.</p> <p>Management Action: We will develop and produce a project control framework against which programmes, and projects would expect to be delivered. In the first instance this should consist of a simplified but robust methodology for delivery and include a suite of guidance and process flow documents, including templates for key stages such as Business Cases and approval, project delivery, risk escalation, monitoring of progress, and performance reporting. These should be developed and made available centrally to all PMs across the organisation.</p> | October 2022 | Extended Leadership Team (via Core Process Review) | Partially Implemented | <p>This action is under review by SLT.</p> <p>Basic Project Management Training has been provided, facilitated by an external training provider.</p> |
| Cyber Security 10/3/22 | High | <p>Audit Finding: Review mechanisms to manage monitor and prevent data loss.</p> <p>Management Action: Digital Services can already make use of several DLP tools and have demonstrated their use on PoC basis to the organisation. GMCA's Information Governance team could define the outcomes that wish to achieve then allowing Digital Services to configure the DLP tools.</p> | March 2023 | Digital Solutions Manager Senior IG Lead and Deputy DPO | Partially Implemented | Conversations with the IG team about the protocols for these tools are ongoing and two test policies have been created to test how the system will work and how the alerts that come from the system will be dealt with. |

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| Cyber Security 10/3/22 | High | <p>Audit Finding: IT disaster recovery arrangements should be fully documented and approved.</p> <p>Management Action: Digital Services via GMCA's Information Governance Group has raised the issue of Service Areas' business continuity plans and the need to align them with the organisation's IT capabilities.</p> <p>Exposure to the Service Areas' plans will allow us to formally identify the list of all critical IT systems, agreeing RTO and RPO as appropriate.</p> <p>Once this is baselined across the whole of the organisation then a sequence/running order for recovery can be produced.</p> <p>The DR plans could then be developed covering the different scenarios and likely risks. There is an item within the Digital Services' pipeline which covers this (DSPB484).</p> <p>The Digital Services' Cyber Security Program has already identified a requirement to schedule and perform regular DR testing (CSAP ref 48) via the most appropriate means.</p> | March 2023 | Digital Solutions Manager | Partially Implemented | An initial disaster recovery exercise was held in July to test the team's ability to be able to respond to a disaster event and outcomes were positive. The team are now working through the details of the exercise to determine if the draft DR plan will need to be amended and plan future exercises. |
| GMFRS Stores 8/6/22 | High | <p>Stores Strategy and overarching management requires review. Management will review the delivery model for the operation of LTSC Central Stores to demonstrate robust governance is in place and value for money at critical points in core processes and activities. This will include:</p> | 30 September 2022 | Head of Fleet and Logistics | Partially Implemented | Review of Stores and Logistics Delivery Model is currently underway taking into consideration changes to the organisation and efficiency savings targets for GMFRS. |

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| | | <ul style="list-style-type: none"> • Setting out in the business development plan the aims and objectives for Central stores aligned to wider service requirements. Including a review of current key operational activities and practices. • Develop written procedures to support consistent processes. This will build on the initial work undertaken by BWO Systems Team to document systems. • Develop performance measures against which the quality and competency of the service can be measured. • Re-examine workplace risk assessments to ensure these are sufficient. • Review delegated authority and workflow within BWO to ensure there is appropriate separation of duties within key financial processes, so staff don't have autonomy to make buying decisions. • Develop performance measures against which the quality and competency of the service can be measured. • Re-examine workplace risk assessments to ensure these are sufficient. • Review delegated authority and workflow within BWO to ensure there is appropriate separation of duties within key financial processes, so staff don't have autonomy to make buying decisions. • Review of overtime usage and any capacity issues for key activities. • Identify any disruption to supply chain around critical product lines, stock management and re-order levels as part of BCM arrangements. | | | | |

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| Asset Compliance 20/7/22 | High | <p>Audit Finding: There is a lack of assurance over the contract status and suitability of specialist contractors engaged to conduct relevant inspections.</p> <p>Management Action: To undertake a full re-procurement exercise of key specialist contracts in conjunction with colleagues from the Commercial Team.</p> | March 2023 | Head of Estates and Facilities, Strategy and Policy | Outstanding | Work in this area is ongoing with the team having reprocured some contracts. Systems are in place to check contractor suitability and a focus is now being made on setting up a reprocurement schedule for all contracts with an aim that all currently extended contracts will have been reprocured by Apr 2024. |
| Asset Compliance 20/7/22 | Low | <p>Audit Finding: There is a lack of assurance held centrally over the completion of Statutory Premises Fire alarm testing (and other site-specific fire testing)</p> <p>Management Action: To consider use of the Active Monitoring System (AMS) or BWO Estates Module for reporting of completion of premises Fire Alarm tests (and any other specific testing undertaken by onsite staff) as a means for central monitoring. This will ensure there is a central back up and access to measure overall compliance rates.</p> | March 2023 | Head of Estates and Facilities, Strategy and Policy | Outstanding | There remain issues over the suitability and functionality of the BWO Estates Asset Module to support this process. The team will now investigate the AMS system to understand its capabilities in this area. |

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| Asset Compliance 20/7/22 | Low | <p>Audit Finding: Lack of documented procedures to support the process for conducting and recording Premises Safety Inspections.</p> <p>Management Action: Detailed procedural notes will be put in place to support the use of the BWO Estates Module and manual records for completion of Premises safety Checks.</p> | March 2023 | Head of Estates and Facilities, Strategy and Policy | Outstanding | The decision has been made not to document processes at this time until ongoing system development work is complete or alternative solution sought. |
| 7(2)d Fire Safety Visits 29/9/2022 | Medium | <p>Audit Finding: Underlying Assurance Strategy required.</p> <p>Management Action: To implement and embed the quality assurance process for 7 (2)(d) visits as part of the policy roll out.</p> <p>GMFRS will produce an underlying assurance strategy or mapping process on an annual basis, where audit sampling is based on an assurance programme which covers contemporary, thematic, and recurring topics.</p> | January 2023 | Head of Protection and Building Safety Reform OIS and Water Manager | Partially Implemented | Guidance has been published in the updated Operational Intelligence Policy around quality assurance of 7(2)d records. The underlying assurance policy has also been drafted but has not yet been published. |
| 7(2)d Fire Safety Visits 29/9/2022 | Medium | <p>Audit Finding: Utilisation of Resources</p> <p>Management Action: GMFRS to continue to review the utilisation of available resource to support successful implementation of the Operational Intelligence policy and key priorities.</p> | April 2023 | Head of Protection and Building Safety Reform | Partially Implemented | Utilisation of resource is referenced in the Efficiency and Productivity Plan for 2023/24. This plan is reliant on training courses being developed and delivered. While some of the training has been delivered, we are awaiting confirmation that courses still under |

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| | | | | | | development are rolled out prior to implementation. |
| 7(2)d Fire Safety Visits 29/9/2022 | Low | <p>Audit Finding: Monitoring of Performance</p> <p>Management Action: To ensure that guidance is updated to promote consistent management of performance across station areas. This will be achieved through the implementation and embedding of the underlying assurance strategy.</p> | January 2023 | Head of Protection and Building Safety Reform OIS and Water Manager | Partially Implemented | Guidance has been updated and the OIS system updated to allow monitoring of performance and consistency between stations. We are awaiting further details around the KPIs which support this prior to implementation. |
| Mandatory Firefighter Training and CPD 29/9/2022 | Medium | <p>Audit Finding: No clear policy implemented around promotion or Progression</p> <p>Management Action: (i) We will launch and implement the Promotions Framework. (ii) We will consider introducing a mechanism to formally and objectively identify high potential individuals through the PRA process. (iii) We will continue to develop the People Strategy, ensuring that this is aligned to key areas of the NFCC's People Strategy. This will facilitate collaboration between resourcing, training, talent and learning and development teams to work effectively in partnership to achieve GMFRS's strategic objectives and priorities.</p> | October 2022 | (i) Talent and Resourcing Manager (ii) OD and Culture Manager (iii) Assistant Director of Workforce Strategy and Talent | Partially Implemented | Promotions Framework has been launched. GMFRS have developed a framework for development of high potential individuals and are currently identifying these people as part of the assessments for the Promotions Pathway. Work is ongoing in this area to determine how the PRA process can be further used to identify individuals. The People Strategy has been launched for 2022-25, |

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| | | | | | | an organisational wide strategy to facilitate the achievement of GMCA and GMFRS priorities. |
| Mandatory Firefighter Training and CPD 29/9/2022 | Medium | <p>Audit Finding: CPD is not consistently recorded or explicitly linked to progression.</p> <p>Management Action: We will review and update the CPD Policy and Procedure as necessary to ensure it is up to date and reflective of the current roles, responsibilities, processes etc.</p> <p>We will consider how we can use our existing systems and/or PRA processes to improve the consistency of CPD records and governance over this area.</p> <p>We will ensure that, where applicable, CPD is linked to a promotion/progression framework to ensure this given appropriate prominence and recorded consistently and accurately.</p> | March 2023 | Station Manager – Promotion Pathways Project | Partially Implemented | <p>The Promotions Pathway has now been launched and includes the requirement for Firefighters to be able to evidence a development portfolio.</p> <p>A CPD strategy was launched in March.</p> <p>The team are currently reviewing how MI Learning could be used to record CPD, if used this would likely require formal approval and updates to the LMS Policy.</p> |
| Treasury Management 16/1/2023 | Medium | <p>Audit Finding: Alignment to, and update of the Treasury Management Practices document to reflect controls and processes in place and minor presentational changes required.</p> <p>Management Action: (i) We will undertake and document the monthly reconciliation process, as described in the TMP.</p> | July 2023 | Head of Finance, Capital, and Treasury Management | Partially Implemented | i)The Authority’s investments and bank accounts are now reconciled to Logotech as well as the ledger and bank statements. The same process will be completed for the Authority’s borrowings. |

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| | | <p>(ii) Appropriate management information reports will be produced in line with the requirements outlined in the TMP document.</p> <p>(iii) Within the TMP, the cash flow management activities will be updated to reflect those undertaken by the Treasury Management team.</p> <p>(iv) We will explore the ability to utilise all functionalities of Logotech as part of the ongoing formalisation and embedding of controls.</p> <p>(v) It is recognised that the TMP's need updating for the new Guidance issued by CIPFA in December 2021 which applies from 2023/24. Minor presentational updates linked to CIPFA guidance and recognised best practice will be made to the TMP for 2023/24.</p> | | | | <p>ii)The first opportunity to formally review this information is at the treasury meeting in September.</p> <p>III)The TMP's were updated and presented to the July Audit Committee meeting.</p> <p>iv)Manual records are no longer duplicated in Excel. A meeting needs to be arranged with Logotech to archive some of the data before any development work. This will ensure that only the most recent counterparties and records are being considered for any development work.</p> <p>v)The TMP's were updated and presented to the July Audit Committee meeting</p> |
| Treasury Management 16/1/2023 | Low | <p>Audit Finding: Performance Management of the function including appointed TM advisors is not in place.</p> <p>Management Action: We will seek to develop metrics against which the overall performance of the function and the appointed advisors (Link Group) can be objectively assessed.</p> | July 2023 | Head of Finance, Capital, and Treasury | Partially Implemented | <p>The overall performance of the function is monitored in the Treasury update report to Audit Committee which is to be received quarterly from 2023/24.</p> <p>TMP11 has been amended to remove the review of the performance of the consultants. The award of</p> |

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| | | | | | | the contract is on a 3-year basis and expectations for services are outlined in the tender document. Any concerns would be addressed at the meetings with them |
| Budgetary Control Processes 3/2/23 | Medium | <p>Audit Finding: Budget Reporting to Senior Leadership Team & GMCA Board needs formalization.</p> <p>Management Action: (i) To review the mechanisms for providing budget reporting to Executive Management and their role in monitoring overall budget performance and prioritising of resources. This includes the escalation of any significant financial risks identified at Directorate and Programme Board level.</p> <p>(ii) Quarterly budget reports for GMCA Board and budget reporting at SLT/Directorate level will be reviewed to include actuals where possible and ensure variations are measured against the approved budget.</p> <p>(iii) Amendments to capital budget reports will clearly include the value of the amendment at the time approval is sought.</p> | April 2023 | Deputy Treasurer | Partially Outstanding | Aiming to take the first quarterly budget report to SLT in August. Need to consider the frequency of these (monthly/qtr) and whether a narrative report on the corporate budget is produced. |
| Budgetary Control Processes 3/2/23 | Medium | <p>Audit Finding: Capital Budget Monitoring Process needs strengthening.</p> <p>Management Action: Emphasis will be placed on strengthening recording and consolidation of the quarterly budget monitoring discussions with Directorates / Partner Organisations to help provide a</p> | June 2023 | Head of Finance, Capital, and Treasury | Partially Implemented | A template has been prepared for the CA capital cost centres and is being used for the first time for the end of quarter reporting. |

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| | | more accurate capital programme spend position and details of any required changes. A consistent approach to the recording of outcomes will allow better understanding of the impact on cashflow and reserves. | | | | |
| Budgetary Control Processes 3/2/23 | Low | <p>Audit Finding: Budget upload into BWO Financial System should be reviewed for accuracy.</p> <p>Management Action: (i) A reconciliation of all budgets uploaded into BWO financial system against the approved budget will take place promptly after entry and any quarterly updates.</p> <p>(ii) Consideration will be given to entering the original capital programme budget into BWO and whether this would assist with the production of capital budget monitoring information and reduce the reliance of Directorates on finance staff in managing their budgets while allowing send against budget and significant variances to be tracked.</p> | June 2023 | Head of Finance Corporate and Technical | Outstanding | <p>A reconciliation of revenue budgets entered into the system was undertaken at the end of Q1 and any anomalies identified are being dealt with.</p> <p>Further consideration needs to be given to the level of detail entered for capital budgets as it is possible to enter budgets down to a project level and the time profile to enter the budget over, monthly, quarterly, etc.</p> |