

## **GMCA Audit Committee**

Date: 22 January 2025

Subject: Internal Audit Progress Report

Report of: Sarah Horseman, Deputy Director 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 made on the delivery of the Internal Audit Plan for 2024/25. It is also used as a mechanism to seek approval of changes to the internal audit plan.

### **RECOMMENDATIONS:**

Audit Committee is requested to:

- Consider and comment on the Internal Audit progress report.
- Approve any changes to the Audit Plan (Appendix C)

### **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

<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 Internal Audit annual plan for GMCA was presented to the Audit Committee in March 2024 and this set out the planned assurance activity to be conducted during 2024/25 based on our understanding of the organisation’s strategic and operational risks.
- 1.2 There are separate audit plans 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 (Police and Crime).
- 1.3 The purpose of this progress report is to provide Members with an update against the GMCA Internal Audit Plan for 2024/25 and a summary of final reports presented to Committee. The report also provides an update on progress made in implementing the agreed actions from internal audit assignments **Appendix B**.

## 2 Progress against the Internal Audit Plan 2024/25.

- 2.1 Since the last meeting in October 2024, we have finalised and published three reports, with three further reports at the draft reporting stage. The Executive Summaries from the ICT reports have been shared with Audit Committee and will be discussed separately. A summary of all report issued is shown at **Appendix A**.

Audit Report	Assurance Opinion
2024/25	
Leavers Compliance	No Assurance
This report provided a <b>no assurance opinion</b> based on compliance testing with the offboarding process when an employee leaves the organisation, including leaver notifications; return of ICT devices and equipment; deactivation of security passes and access to business systems. Our testing showed inconsistencies over the application of key controls and concerns over the adequacy of the existing control framework.	

We made four high-risk recommendations which were agreed by both the Director of People Services and Chief Information Officer and an immediate response to address concerns was being put in place.

<b>ICT/Digital Asset Management</b>	<b>Limited</b>
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This report provided a **limited assurance opinion** over the effectiveness of IT asset management controls for end user devices and the asset management lifecycle (laptops, iPads, mobiles etc. rather than ICT infrastructure). The report showed an improved position to the work undertaken previously on the Leavers process. There were examples of good practice found in relation to the storage of IT assets, but several improvements were identified in the development of the IT asset management policy framework and staff guidance; and the security and disposal of devices. There was significant work underway by ICT/Digital team to address the immediate concerns and progress against the remediation plan is being overseen by Internal Audit.

<b>ICT/Digital Supplier Management</b>	<b>Limited</b>
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This report provided a **limited assurance opinion** over the processes and controls for cyber security and GDPR arrangements for new and existing contracts with third party providers. The report provided four recommended overarching actions including one high risk area which related to the identification and prioritisation of critical data assets and ensuring our contract management framework and due diligence arrangements are appropriate. A remediation plan is in place to address the actions.

2.2 A summary on the status of ongoing audit work at the start of quarter 4 is as follows:

<b>Planning Stage (Q4)</b>	
New Public Procurement Act – Readiness	The scope for this readiness assessment has been agreed but commencement deferred to Q4 at the request of the Commercial team.
IT Threat and Vulnerability	Follow Up Audit scheduled for Q4 to assess progress against the four actions (2 High risk / 2 Medium) and the 40+

Management / Gartan System	individual actions contained in the ICT/Digital remediation plan reported to Audit Committee in January 2024
Promotion Pathway (Grey Book)	Grey Book Recruitment (Promotions Pathway) – an audit of the Promotions Pathway and recruitment to Crew, Watch, Group Manager roles – This work is linked to the recruitment & selection audit completed earlier in the year.
Critical Data Assets	An audit of processes and controls in place over our critical data assets to ensure that sensitive and personal data is appropriately protected from data breach/loss.

#### Fieldwork Stage

GMFRS Emergency Response Hub	A review of procedures for the allocation of overtime for front line service delivery.
NFCC Fire Standards	Work is ongoing to provide assurance over the methodology adopted to implement NFCC Fire standards across GMFRS and the processes for ongoing monitoring and review.

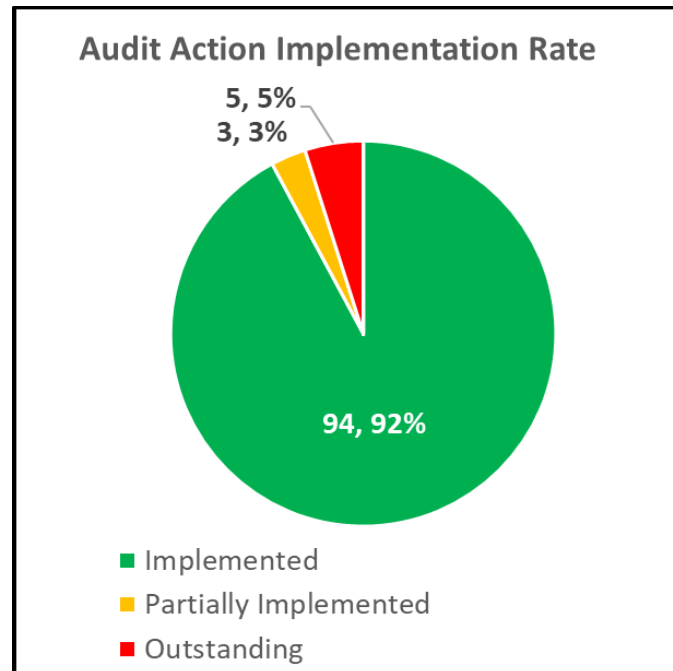
#### Reporting Stage

JESIP	This work has been completed and a draft report issued prior to approval.
Net Zero Achievement	This work has been completed and a draft report issued prior to approval.
Equality Impact Assessments (EIA)	This work has been completed and a draft report issued prior to approval.
Responsive caseload work	Internal Audit has completed initial fact-finding work in response to 2/2 cases of potential fraud, irregularity and wrongdoing.

2.3 **Grant Certifications** – we have not certified any grants during the period.

### 3 Audit Action Tracking

We are pleased to report that the implementation rate of audit actions remains above target. As of December 2024, 92% of Internal Audit actions due in the last 2 years have been implemented, against the target rate of 85%. The overall position for implementation of audit actions remains positive.



That being said, we are currently tracking several outstanding high-risk actions. Attention is drawn to the status of the ICT audit reports being tracked. Whilst most are not yet due, the agreed actions from these reports are being managed separately through individual remediation plans with ownership assigned to several stakeholders including ICT/Digital, People Services, Commercial Services, and Information Governance teams. Progress against these is as follows:

- **IT Supplier Management:** This report provided four overarching actions with 45 individual actions being tracked. There are no actions currently beyond their target date.
- **IT Asset Management:** This report provided five overarching actions with 30 individual actions being tracked.

- **Leavers Report:** This report provided six overarching actions with 12 individual actions being tracked. Internal Audit are currently undertaking further testing to validate whether the actions have been implemented and are effective.
- **Threat and Vulnerability Management Audit:** This report provided four overarching actions with 40+ individual actions being tracked. Follow up work is scheduled for March 2025 to validate progress against the agreed actions.
- **Gartan Critical Application Audit:** This report provided six overarching actions with 15 individual actions being tracked. Follow up work is scheduled for March 2025 to validate progress against the agreed actions.

A separate report from ICT/Digital is provided to Audit Committee which outlines the progress made against the IT Asset Management and Leavers actions.

Appendix B provides a breakdown of implementation of actions by each audit and lists the outstanding audit actions.

#### **4 Other Internal Audit Activities**

- 4.1 **Counter Fraud and Whistleblowing:** Internal Audit continues to hold regular caseload discussions with People Services to advise/monitor on the outcome of any new whistleblowing cases. Since the last Audit Committee in October 2024, we have received no new cases. A summary on the outcome of all whistleblowing cases will be presented to Audit Committee at a future meeting as a Part B item.
- 4.2 A new online whistleblowing reporting form was launched on the intranet which provides an easier way for staff and others to raise genuine concerns about aspects of GMFRS/GMCA activities.
- 4.3 **Counter Fraud Policies:** An updated Anti-Money Laundering Policy and procedure has been produced and has been reviewed by Legal Services prior to approval and

publication. Other policies are being reviewed and uploaded to the intranet and Corporate Document Centre.

- 4.4 Online anti-fraud training was rolled out to a significant cohort of staff and covered topics including Anti-Bribery, Anti-Money Laundering and general Fraud Awareness.
- 4.5 **Integrated Settlement Readiness** Internal Audit are supporting work in preparation for the trailblazer devolution deal and integrated settlement. Particularly relevant to the Audit Committee is the development of the GMCA Assurance Framework which is being developed to demonstrate to government that GMCA has robust assurance, project appraisal and value for money processes in place. This is presented in a separate agenda item for this meeting.
- 4.6 **GMCA Business Continuity Planning** – Internal Audit are part of the Business Continuity Steering Group which oversees the full internal review of BC policies, systems and processes. This work remains ongoing and is in the implementation stage of the work programme.
- 4.7 **Training** - Financial management training for budget holders is being delivered in conjunction with colleagues from Finance, Commercial and Internal Audit. This provides an overview of financial management principles, with input from Internal Audit and the Commercial team on the role of Internal Audit and general procurement practices.

## **5 Changes to the Internal Audit Plan**

- 5.1 In line with the Internal Audit Charter, any significant changes to the approved Internal Audit Plan must be agreed by the Audit Committee. There are no further proposed changes to the audit plan. Changes agreed previously are shown at **Appendix C**.

## **6 Team Resourcing**

- 6.1 We successfully promoted internally to the new Audit Manager role and adverts have been placed to appoint to two additional posts in the structure for a Principal Auditor



(fixed term 1-year) and Internal Auditor. These are aimed at providing additional capacity given the increasing breadth and complexity of GMCA activities. As in previous years, we utilise external support for our technical ICT/Digital assurance work.

**Appendix A - Summary of Internal Audit Reports issued 2024/25**

The table below provides a cumulative summary of the internal audit work completed during the year. This will inform the annual Internal Audit opinion for the year 2024/25.

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	GM Waste
Procurement Waiver Exemptions – Compliance	Broadly Compliant	We made advisory actions only in this audit.					✓	✓	✓
Trainee Firefighter Attraction, Recruitment and Selection	Reasonable	-	-	2	1	1	-	✓	-
Supporting Families Programme - Compliance	Reasonable	-	1	-	-	-	✓	-	-
Leavers Process - Compliance	No Assurance	-	4	1	-	1	✓	✓	✓

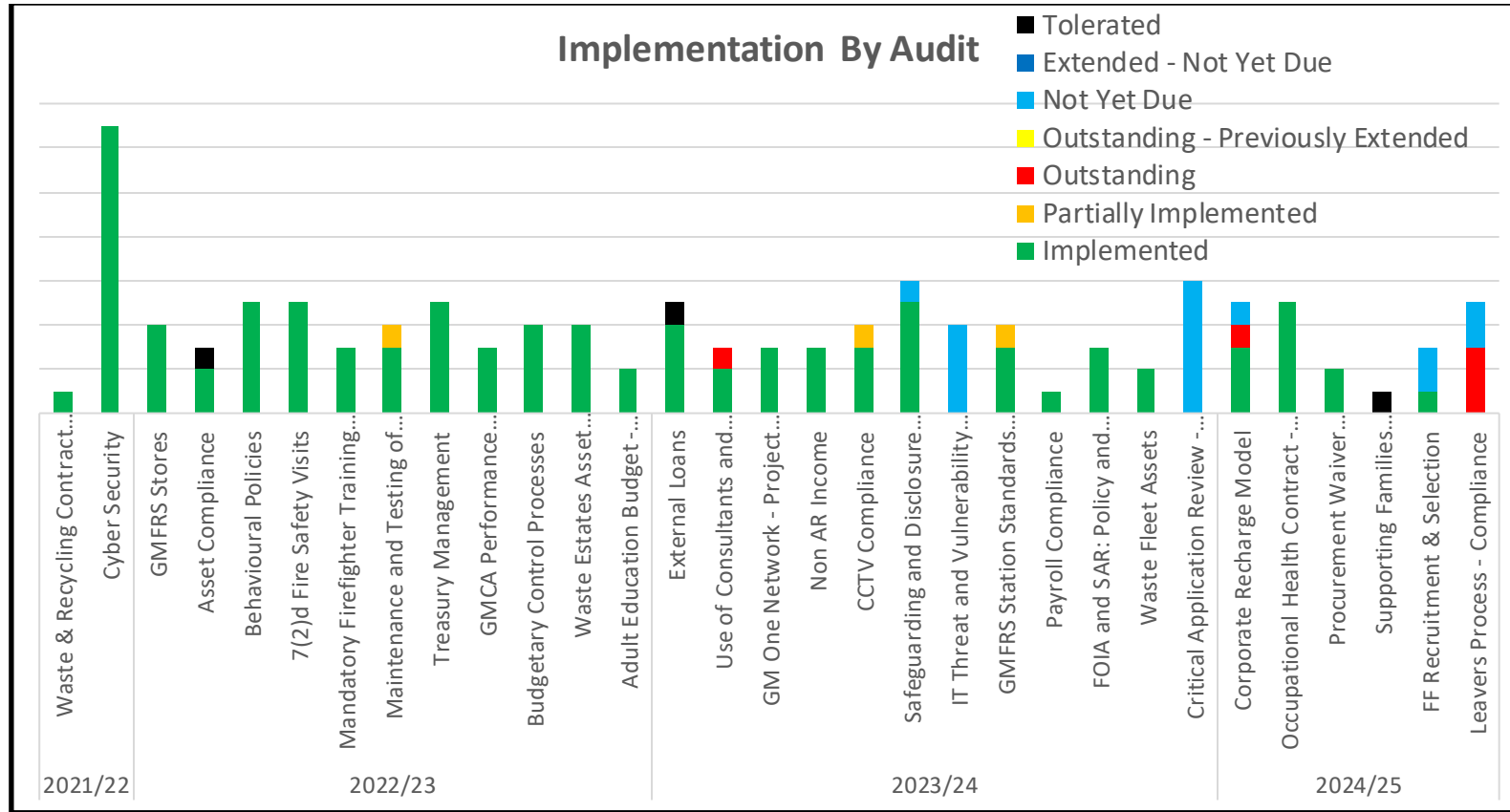
Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	GM Waste
ICT Asset Management	Limited	-	2	3	-	-	✓	✓	✓
ICT Supplier Management	Limited	-	1	3	-	-	✓	✓	✓
Equality Impact Assessments (DRAFT)	Reasonable						✓	✓	-
JESIP (Joint Emergency Service Interoperability Principles) GMFRS embeddedness (DRAFT)	Reasonable	-	-	3	-	1	-	✓	-
Net Zero Achievement – Position Statement (DRAFT)	Positive	We made advisory actions only in this audit.					✓	✓	-
Responsive caseload Work	N/A	This links to caseload work led by Internal Audit: 2/2 Reports completed.							

<b>Grant Certifications</b>					
GFA: Strategic Project Development (Schools Solar Toolkit)	£50k	Positive	✓		
GFA: Project Development (Schools Solar Engagement)	£20k	Positive	✓		
Net Zero Green Retrofit Finance	£39.5k	Positive	✓		
Net Zero Junior Officer (Y1 Q4)	£7.2k	Positive	✓		
Net Zero Programme Delivery (Y1 Q4)	£36.8k	Positive	✓		
Local Energy Advice Demonstrators (LEAD) – Y1 Q4	£666.2k	Positive	✓		
5G Innovation Regions Programme Grant	£136.2k	Neutral	✓		
Growth Hub Core Funding	£420k	Positive	✓		
Local Energy Advice Demonstrators (LEAD) – Y2 Q1	£234k	Positive	✓		
Net Zero Junior Officer (Y2 Q1)	£7k	Positive	✓		
Net Zero Programme Delivery (Y2 Q1)	£35k	Positive	✓		
Made Smarter 2023/24	£2k	Positive	✓		
NW Net Zero Hub Project	£99k	Positive	✓		

Net Zero Junior Officer (Y2 Q2)	£7k	Positive	✓		
Net Zero Programme Delivery (Y2 Q2)	£72k	Positive	✓		
Local Transport Capital Block Funding (Pothole Fund) Specific Grant Determination (2023/24) Section 31/6680	£4.438m	Positive	✓		

## Appendix B: Audit Action Follow Up

**Analysis of Audit Actions – by Audit:** The chart below shows the status of implementation of audit actions by audit title.



## Status of Overdue Actions at December 2024

The table shows a list of outstanding actions being tracked.

Original Target Date	Audit Title	Overall Audit Opinion	Action (Summary)	Risk Rating	Internal Audit Implementation Status	Audit Committee Update
Oct 2023  (Extended to Jan 2024)	CCTV Compliance	Limited	Publish up to date CCTV Policy	High	Partially Implemented	<p>The policy has been subject to an Equality Impact Assessment and approved in principle by Corporate Services Functional Board. The policy has reached the final stage of approval (Functional Board) and a small amendment has been requested, this will be made and submitted for final approval at the next Board meeting.</p> <p><b>Anticipated Completion Date:</b> March 2025.</p>
Dec 2023	Use of Consultants and Contractors	Limited	Improve oversight and reporting on use of contractors.	Medium	Outstanding	<p>KPI reporting is still currently focused around IR35 contractors. The new approval process will provide more oversight over the number of non-IR35 contractors in place but will only reflect new and renewed contracts as they arise.</p> <p>A new General Ledger coding system is being agreed and implemented which will allow more detailed monitoring of all contractor spend however this process is looking much wider than just consultant and contractor spend, taking in upcoming legislation changes and recent updates to</p>

Original Target Date	Audit Title	Overall Audit Opinion	Action (Summary)	Risk Rating	Internal Audit Implementation Status	Audit Committee Update
						the system and so will take some time to complete.  <b>Anticipated completion date:</b> Dependent on technical capacity – April 2025
Mar 2024	Maintenance and Testing of Operational Equipment	<b>Limited</b>	All fleet and equipment will be uniquely identifiable and recorded on a digital cloud-based system. This will include identifying all equipment for inclusion and the roll out of software to stations.	<b>High</b>	Partially Implemented	The system is now set up and ready to be trialled on a small number of stations subject to completion of a DPIA. Trial scheduled for Q4.  <b>Anticipated completion</b> March/April 2025
Jun 2024 (Extended to December 2024)	GMFRS Station Standards	Reasonable	To review and address various identified issues and areas for improvement.	Medium	Partially Implemented	All actions apart from those relating to the procurement of a new AMS system have now been implemented.  Procurement of the new system is now underway, and the team are working to confirm the specifications of the new system.  <b>Anticipated Completion Date:</b> Soft launch of system planned for April 2025
October 2024	Corporate Recharges	Reasonable	Undertake periodic reconciliations, informing directorates of significant issues and ensuring there is clear decision	Medium	Outstanding	Issues have arisen which have prevented recharges from being posted to the ledger so far this year. Work is taking place to resolve this and will be completed after the Q3 budget monitoring reports are run however this has prevented full



Original Target Date	Audit Title	Overall Audit Opinion	Action (Summary)	Risk Rating	Internal Audit Implementation Status	Audit Committee Update
			making over the funding of these differences.			reconciliations from taking place. In the interim, the level of funding being allocated to cover recharges is being monitored in totality as part of the budget monitoring process.  <b>Anticipated Completion Date:</b> 31 January 2025
December 2024	Leavers Process – Compliance	<b>No Assurance</b>	An overarching Policy and published guidance for offboarding employees.	High	Outstanding	See separate paper for ICT update
December 2024	Leavers Process – Compliance	<b>No Assurance</b>	Publish IT equipment policy and develop more automation around the movers/leavers process for safe return of IT assets and revoking access to business systems.	High	Outstanding	
December 2024	Leavers Process – Compliance	<b>No Assurance</b>	Investigate and implement a mechanism to alert ICT Service Desk if a leaver is processed in iTrent retrospectively.	High	Outstanding	

## 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 Committee 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 March 2024.

Audit Area	Audit	Change requested	Rationale	Approved by Audit Committee
Governance	Business Continuity Planning	Under Review	A Business Continuity Steering Group has been set up to oversee the full internal review of BC policies, systems and processes. This work remains ongoing.	July 2024
GMFRS	Governance Framework	Under Review	Internal Review taking place by Governance and Scrutiny and PMO function – Request from the service to postpone this audit until 2025/26.	July 2024
GMFRS	North West Fire Control (NWFC)	Under Review	Arrangements for Internal Audit and assurance provision to be raised with the CFO. NWFC is a separate company and would require approval of other partners.	July 2024

Audit Area	Audit	Change requested	Rationale	Approved by Audit Committee
Place: Land and Property	Estates Asset Compliance – Follow Up	Under Review	The Head of Estates provided an update to Audit Committee in March 2024 on progress and implementation of a new system – timing of work to be considered.	July 2024
ICT/Digital	IT Threat and Vulnerability Management / Gartan System – Follow Up	Delay to Q4	Request from Digital Services to reschedule this audit from Q3 to Q4.	October 2024
Commercial	New Public Procurement Act 2023	Delay to Q4	The new procurement act 'go live' date has been delayed February 2025 to allow new Government to make changes. Request from Commercial to delay the audit until early Q4 to have a better understanding of the implications.	October 2024
GMFRS	NEW- The Hub ER – overtime and hours worked	Q3	This is a new addition to the plan at the request of the CFO.	October 2024

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> </ul>	<b>5</b>

	<ul style="list-style-type: none"> <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>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>

