

GMCA Audit Committee

Date: 30 June 2020

Subject: Audit Action Follow up

Report of: Sarah Horseman, Head of Audit and Assurance

PURPOSE OF REPORT

This report advises Audit Committee of the progress to date in implementing the agreed actions from internal audit assignments. It also details the proposed new process for follow up of recommendations.

RECOMMENDATIONS:

Members are asked to note the contents of this report and to comment on the proposed new mechanism for monitoring and reporting the implementation of audit actions.

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Risk Management – see Appendix A

Legal Considerations – see Appendix A

Financial Consequences – see Appendix A

Financial Consequences – see Appendix A

Number of attachments included in the report: None

BACKGROUND PAPERS: N/A

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

1 Latest position

The GMCA Internal Audit Plan comprises a range of reviews agreed by Senior Management 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 person and an agreed implementation date.

Management reviews outstanding recommendations regularly. An Action Tracker is maintained to capture updates and is shared with Internal Audit.

The latest position as reported by management is as follows:

Audit Title	Date Issued	Overall assurance	Recommendations		
			No.	Actions Due	Overdue
Purchase Cards	11.01.19	Significant	9	9	0
Procurement waivers	23.07.19	Significant	3	0	0
Employee expenses	31.7.19	Moderate	5	0	0
ICT Strategy, Governance and programme management	3.10.19	Significant	6	1	0
Adult Education Budget – Payment Controls	22.4.20	Substantial	1	0	0
Car User Mileage	10.6.20	Moderate	6	0	0

Grant related audits

Grant	Recommendations		
	Number	Actions Due	Overdue
Culture and Social Impact Fund	4	4	4
Cycle City Ambition Grant	10	10	10

2 Changes in the action tracking process

From Q2 2020/21 Internal Audit will assume responsibility for maintaining and monitoring the action tracking activity. Whilst it is management's responsibility to ensure audit actions are implemented, Internal Audit are ideally placed to undertake the monitoring and reporting of action implementation.

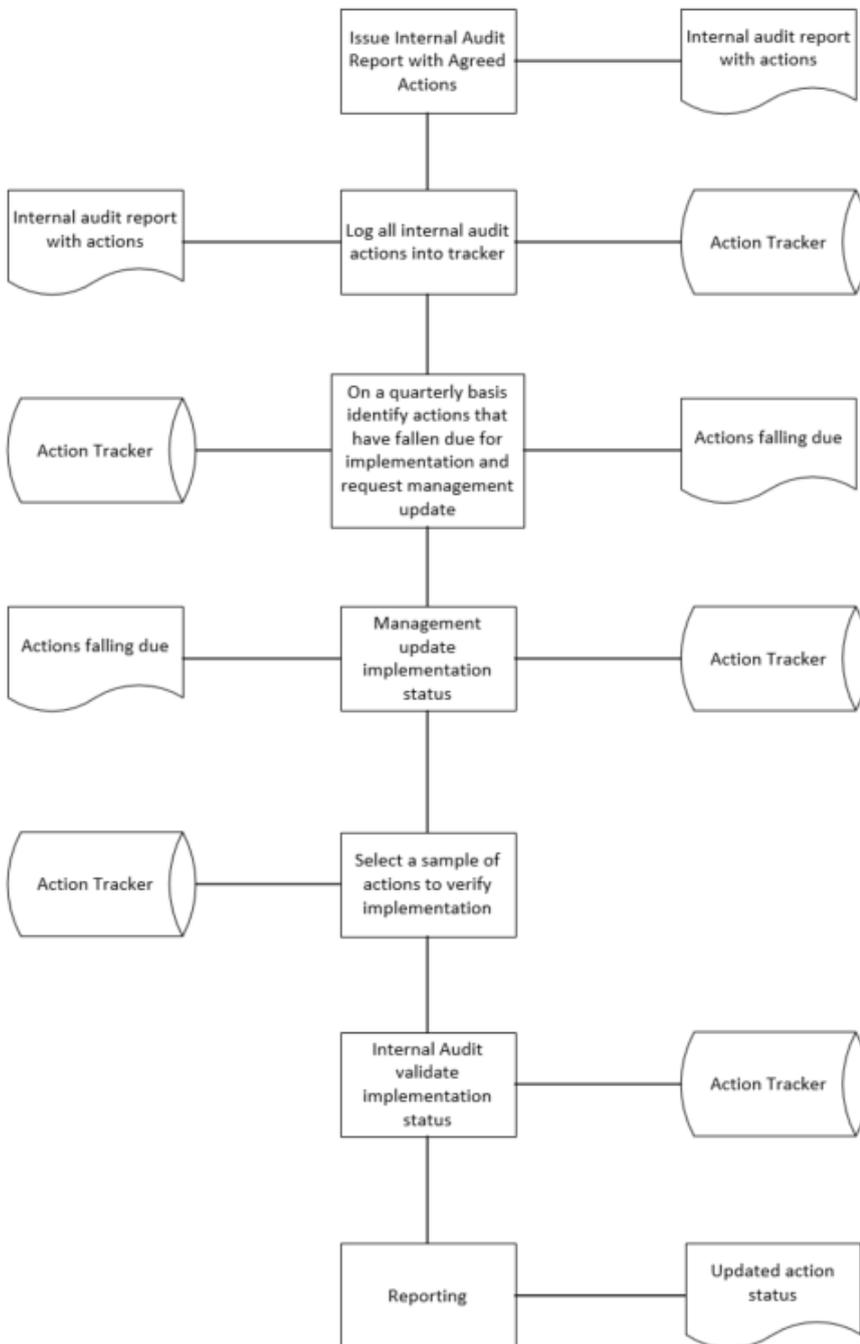
It is also important that management assertions over the implementation of audit actions is validated. Now that internal audit has a fully resourced team, a programme of follow up activity will be included in the Internal Audit Plan each year. Internal audit will validate the implementation of actions arising from all Critical and High risk audit findings and a sample of actions arising from Medium and Low risk rated findings. Any actions that are outstanding will be followed up to obtain revised implementation dates and the number of these "extended" actions will also be reported.

Improved granularity will be introduced in reporting of the implementation of audit actions that will enable the Audit Committee to see:

- a) Implementation rate for each audit. Similar to the information provided now, for each audit there will be a graph of the implementation status of audit actions.
- b) Overall audit action implementation rate – a KPI of 85% implementation is proposed within the Internal Audit QAIP. Performance of actual action implementation will be reported against this KPI.
- c) Audit action implementation rate by action priority. Reporting will show the implementation rate of Critical, High, Medium and Low priority actions to ensure priority is being given to those relating to higher risk findings.

An overview of the proposed action tracking process is shown overleaf:

Internal Audit action tracking process overview



Internal Audit maintain a central tracker of all actions agreed as part of each audit. This records the action, risk rating, implementation date and action owner.

On a quarterly basis, Internal Audit will identify all actions that have fallen due in the quarter.

Internal Audit facilitate an update for all the actions falling due, requesting the action owners detail the actions taken and the current status of each action (implemented, in progress, not yet implemented or superseded).

Internal Audit will select a sample of actions to validate the implementation status. All critical and high risk actions will be validated alongside a sample of medium/low risk rated actions.

On a quarterly basis internal Audit will request and review evidence to support implementation of audit actions to validate the implementation status provided by management.

Internal Audit report on the implementation of audit actions on a quarterly basis to management and Audit Committee.