

## GMCA Audit Committee

Date: 22 January 2022

Subject: Planning for 2021/22 Audit Opinion

Report of: Eamonn Boylan, Chief Executive Officer

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### PURPOSE OF REPORT

This report sets out the activities that have taken (or will take place) during 2021/22 in order to demonstrate robust arrangements are in place within GMCA around risk management, governance and internal control such that evidence can be provided to the Head of Audit and Assurance to inform the annual Head of Internal Audit Opinion that is required by Public Sector Internal Audit Standards.

### RECOMMENDATIONS:

Audit Committee is requested to note this report

### CONTACT OFFICERS:

Eamonn Boylan, Chief Executive Officer

Risk Management – see paragraph

Legal Considerations – see paragraph

Financial Consequences – Revenue – see paragraph

Financial Consequences – Capital – see paragraph

Number of attachments included in the report: 0

### BACKGROUND PAPERS:

- Head of Internal Audit Opinion 2020/21

<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?		
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

## Planning for 2021/22 Audit Opinion

### **1. Introduction**

1.1 This report sets out the activities that have taken place or will take place during the 2021/22 financial year, in order to demonstrate robust arrangements are in place within GMCA around risk management, governance and internal control such that evidence can be provided to the Head of Audit and Assurance to inform the annual Head of Internal Audit Opinion that is required by Public Sector Internal Audit Standards.

### **2. Background**

2.1 The Head of Internal Audit is required, under the Public Sector Internal Audit Standards (PSIAS), to provide an annual report summarising the work undertaken by internal audit during the financial year and to provide an overall opinion of the adequacy and effectiveness of the organisation's framework of governance, risk management and internal control.

2.2 In 2020/21 the Head of Internal Audit provided a "limited" assurance opinion. Whilst audits of internal controls generally provided assurance of their effective design and operation, the opinion was reflective of the fact that some of the wider governance and organisational risk management arrangements were yet to develop to a mature and consistent state.

### **3. Management Response**

3.1 The GMCA Chief Executive Management Team (CEMT) are keen to ensure that the Head of Internal Audit Opinion for 2021/22 shows improvement from the previous opinion. GMCA have undertaken a number of activities during the year to address previous audit actions and to embed risk management arrangements.

3.2 CEMT and GMCA as a whole are committed to making, and evidencing, improvements to those areas identified in the previous audit opinion that contributed to the limited assurance rating as well as continuing to demonstrate a robust internal control environment. The following sets out the activities undertaken this year in relation to each of the areas considered within the opinion.

### **4. Corporate Governance**

4.1 The opinion in relation to Corporate Governance was impacted due to two audits that were undertaken in 2020/21 which provided limited assurance in relation to governance arrangements. These were Mayoral Advisors and Performance Management. Actions were agreed as part of both of those audits, the current status of those is:

#### ***(i) Performance Management:***

A set of corporate performance metrics has now been agreed across the organisation, along with a Corporate Calendar of key events/milestones and a corporate

performance dashboard. This was piloted before Christmas and will be fully trialled in January based on Q3 21/22 data.

This will be further refined and fully implemented from April 2022 on a quarterly basis.

The Senior Leadership Team will review these metrics each quarter and discuss any corporate wide concerns/priorities for the following quarter.

A dashboard of key performance information will also be presented to the GMCA Resources Committee on a quarterly basis including financial performance data.

### ***(ii) Mayoral Advisors***

The actions from the Mayoral Advisors audit have been implemented. In addition further work has been undertaken to ensure there are clear and transparent process in place for the appointment of advisors. This will include all future appointments being subject to Resources Committee approval, with terms and conditions and remuneration on public record.

Any advisors will be required to complete declaration of interests and advisors will be prohibited from bidding from CA contracts for term of their appointment

4.2 In addition to the specific responses to the two areas described above GMCA will take further action to embed the improvements in corporate governance delivered over the past two years, this will include:

- Reviewing and refreshing the GMCA counter fraud policies .
- Provide all necessary support to the internal audit of governance in Q4 21/22, including prompt management responses and delivery of agreed actions.
- Ensure prompt delivery of all remaining open audit actions including working with the SLT and CEMT to address any areas where actions are not being delivered on time.
- Use of the GMCA Senior Leadership team (SLT), GMFRS Exec team and CEMT to disseminate key issues which arise from the work of the internal audit team including key individual issues, any themes of concern and to share examples of best practice

## **5. Risk Management**

5.1 A new GMCA Risk Management Framework had been approved and launched in Q4 of 2020/21. At the time the audit opinion was developed there had not been sufficient time to fully roll out and embed the framework across the organisation. A risk management maturity assessment undertaken in Q4 of 2020/21 categorised the maturity of risk management arrangements as “Emerging” .

5.2 Since then, significant work has been undertaken across the organisation to formally develop and standardise Directorate risk registers. This is in addition to the regular review by SLT of organisational and strategic risks that had happened historically.

5.3 Another risk management maturity assessment will take place in Q4 2021/22 which we hope will demonstrate consistent progress in developing our risk management arrangements and moving us up the risk management maturity scale to be “Conforming” with a view to further progress in future years.

## **6. Internal Control**

6.1 The internal audit work undertaken in 2020/21 did not identify any concerns over systemic non-adherence to internal controls. We have continued to provide the necessary engagement and support to the Internal Audit team throughout 2021/22 to support the delivery of the risk-based internal audit plan which will provide assurance over internal controls.

6.2 To date in this financial year, no limited assurance internal audit reports have been issued.

6.3 A number of historic audit actions in relation to standardising and publishing policies relating to expenses and car mileage claims were noted as progressing slowly in last year’s opinion. Those actions have now been completed with the new policies approved and implemented.

6.4 Our implementation rate of audit actions has ranged from 77% - 83% across the year to date. We will continue to focus on improving the implementation rate to exceed our target of 85% by the end of 2021/22.

## **7. Recommendations**

7.1 Audit Committee is requested to note the report