GMCA Audit Committee

Date: 27 July 2022

Subject: Internal Audit Progress Report

Report of: Sarah Horseman, Head of Audit and Assurance, GMCA

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 Q1 2022/23 and the finalisation of outstanding reports from 2021/22. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

RECOMMENDATIONS:

Audit Committee is requested to:
- Consider and comment on the progress report
- Approve the changes to the Audit Plan (Section 3)

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 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 strategic three-year plan for GMCA was presented to the Audit Committee in April 2022 and this set out the planned assurance activity to be conducted during 2022/23 based on our understanding of the organisation's strategic and operational risks.

1.2 The GMCA Internal Audit Plan comprises a range of audits agreed by the 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 a target implementation date.

1.3 Separate plans are 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.

1.4 The purpose of this progress report is to provide Members with an update against the GMCA audit plan for 2022/23 and to report on the conclusion of outstanding work from the previous year.

2 Progress against the 2022/23 Internal Audit Plan

Internal Audit work completed since the last meeting of the Audit Committee

2.1 Since we last reported to Audit Committee in April 2022, we have issued six audit reports and certified two grants. The figures include outstanding audit reports from 2021/22 and these have been considered as part of the Head of Internal Audit's annual assurance opinion for 2021/22. The Executive Summaries from these reports are appended to this report.

2.2 Five of these reports have been finalised and agreed with Management, with one draft report awaiting a formal management response prior to publication.

2.3 **Fixed Asset Data Migration**: This audit sought to provide assurance over the process for migrating fixed asset data to the new CIPFA Fixed Asset Management system. The audit provided a **substantial assurance opinion**, over the data migration exercise ensuring that data transferred was valid, accurate and complete.

2.4 **GMFRS Fire safety Visits 7(2)d**: This report provided a **reasonable assurance opinion** over 7(2)d policy and procedural framework for undertaking these visits. Our work identified several amendments required to the Operational Intelligence Policy. These related to ensuring that external guidance was fully referenced in the policy in the relevant areas, ensuring that the new risk identification and ongoing risk identification sections of the policy were more detailed and prescriptive, and amending the expectations of risk footprint review visits to align this more effectively to risk. The

report identified five areas for improvement which were agreed by Management and is being reflected in policy updates.

2.5 **Grant Funding Management and Reporting**: This follow up report provided a **reasonable assurance opinion** over the design of the key processes to support the arrangements for grant management and reporting. This showed an improved position from the interim opinion given in November 2021. The opinion took into consideration the significant progress made to address previous findings including the creation of up-to-date Grant Registers for capital and revenue grants; the requirement for the completion of a Grant Checklist prior to receiving s151 Officer sign off; and training rolled out for the Finance Team on revised processes. We made no immediate recommendations, with the emphasis being on implementation and adoption of these revised processes across the organisation.

2.6 **Behavioural Policies and Codes (including Codes of Conduct and Gifts and Hospitality Registers**): This audit provided a **limited assurance opinion** over the effectiveness of GMCA behavioural policies, procedures and codes and demonstrating compliance with procedural requirements. The report found generally robust processes in place for Elected Members and for Committee agenda items, but further improvements were required at Officer level, where procedural requirements around declarations of interest and gifts and hospitality were less well formalised and understood across all areas. The report made five recommendations for improved control in the development of a more standardised and consistent approach.

2.7 **GMCA Estates – Premises Safety Checks**: We provided a **limited assurance opinion** over the control framework in place for the completion, recording and monitoring of Premises Safety Inspections across the GMCA Estate. This opinion was primarily due to delays in updating monitoring records and evidencing compliance. The Estates team are working to implement a new Estates Asset Management Module and are in the process of migrating data into the new system. Whilst it is envisaged that the new system will address some of the issues contained in the report, further work is required. Our report made five recommendations including one critical action. We are pleased to report that good progress has been made on bringing this information up to date.

2.8 **Grant Certifications –** Two grants were certified during the period with a further three grants nearing completion.

2.9 **BEIS Core Growth Hub Funding 2021/22 - £780k –** A written certification was provided in June 2022.

2.10 **Peer Networks – March 2022 £180k** – A written certification was provided in April 2022 to support this claim.

3   Internal Audit work in progress 2022/23

3.1   Several planned audits from the 2022/23 are underway, but the focus during quarter 1 has been the completion of outstanding audits from 2021/22.

A summary on the status of ongoing audit work is as follows:

Planning Stage	
Treasury Management (Q2).	The terms of reference for this audit was agreed in July 2022 and will provide assurance over the Governance and Control framework in place for the Treasury Management function following the decision to bring this in-house.
GMFRS Maintenance and Testing of Operational Equipment (Q2)	The terms of reference for this audit was issued in July 2022 and will primarily focus on maintenance and testing carried out on Station and compliance with Station Standards framework and relevant regulations.

Fieldwork Stage	
Budgetary Control Processes (Q1).	Fieldwork commenced on this audit which aims to provide assurance over the effectiveness of GMCA budgetary control arrangements which ensures financial resources are properly managed.
Peer Networks Grant (End of Scheme Sign Off)	Fieldwork nearing completion.
Public Sector Decarbonisation Scheme – Phase1 (Section 31):	Fieldwork is nearing completion on this £78.2m grant.

Reporting Stage	
GMFRS Fire fighter CPD and Training:	A Draft report was issued in July and we are awaiting a management response prior to finalisation.
Brownfield Housing Fund Grant (Section 31)	Agreement of certification underway on this £49m grant.

Anti-fraud Strategy 2022-2024	We have developed a draft Anti-fraud strategy which will sit alongside the existing Anti-fraud policy framework.
Anti-Fraud Policies	We have produced an draft Anti-Bribery Policy as part of our ongoing review and update of Corporate Fraud Policies.

Details of our progress in respect of the 2022/23 Audit Plan is shown in **Appendix B.**

4   Changes to the Internal Audit Plan

4.1   The internal audit plan is regularly reviewed and can be amended to reflect changing risks and/or objectives. In line with the Internal Audit Charter, any significant changes to the plan must be approved by the Audit Committee.

4.2   We are not proposing any changes to the plan at this time, however we will keep the plan under close review including the scheduling and timing of planned work.

4.3   A cumulative record of changes to the plan, with the rationale for each, is shown as an Appendix C to this report.

5   Other Activities

5.1   Aside from delivery of the internal audit plan, since the last meeting internal audit have undertaken the following additional activities.

5.2   **Whistleblowing and Counter Fraud Activities** – We received two whistleblowing reports during the quarter. Both were assessed when received. One was determined to be a misconduct matter as opposed to matter to be investigated under the Whistleblowing Policy and has been passed to HR. The other is being investigated. Details on the outcome of all cases received and investigated will be reported to Audit Committee in accordance with Whistleblowing procedures.

5.3   **Anti-Fraud Policies** – We have developed a GMCA Anti-Fraud Strategy and Anti-Bribery Policy and these are appended separately to this report. The policies are currently in draft and it is our intention to launch these during the next quarter alongside online training for staff. Both policies are shared with Audit Committee for review and comment.

- **Anti-fraud Strategy 2022-24 (Draft)** - This strategy sets out GMCA's approach to managing the risk of fraud and corruption and how an anti-fraud and corruption culture is established and promoted. The strategy incorporates the best practice guidance for combatting fraud in Local Government. It is based on the key

principles set out in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption in Local Government (the Code) and Fighting Fraud Corruption Locally (FFCL) strategy as these represent best practice and compliance with these measures will enable GMCA to demonstrate effective stewardship of public funds.

- The strategy also sets out the key priorities and activities for Internal audit and other stakeholders over the next two years.

- **Anti-Bribery and Corruption Policy (Draft) -** This policy and procedural guidance is part of the corporate policy framework and will aim to ensure that Elected Members and Officers have access to the appropriate guidance and GMCA's stance on bribery is widely publicised.

5.4 Boards and subgroups

- The Head of Audit and Assurance is a member of the Information Governance Board and of the Serious Information Governance Incident (SIGI) Panel both of which are chaired by the Senior Information Risk Owner. The Boards meet on a regular basis. Progress has been made in identifying and managing IG risks and in developing formal mechanisms to record decisions made by SIGI in relation to specific incidents.

- Internal Audit also attend the Freedom of Information (FOI/EIR) and Transparency User Group to feed into the development of processes around statutory duties under the Freedom of Information and Environment Information Regulations. This group will provide assurance to the Information Governance Board

- Internal audit attends the North West Chief Audit Executive Meetings and the Counter Fraud subgroup which meets quarterly on fraud matters affecting the region, knowledge sharing and good practice.

6 Internal Audit Performance and Development

6.1 Internal Audit Improvement Plan

As the internal audit function within GMCA matures, areas for future development are identified through our internal and external quality assessments, the work we undertake and feedback from audit sponsors and the Committee. Areas for future development are included in the Internal Audit Improvement Plan.

The current status of the Plan is noted in Appendix D

6.2   Internal Audit Performance – Plan Delivery 2022/23

Activity	#	Performance Indicator	Target	Apr - Jun 22 (Qtr1)	Trend	Comments
Delivery of 2022/23 audit plan	1	Completion of 2022/23 audit plan	100% by year end	7%	⇔	One audit and two grant certifications from the 2022/23 plan.
	2a	Elapsed time of audits (fieldwork to draft report)	<3 months	100%	⇧	Completed within timescales
	2b	Elapsed time of audits (draft report to final)	< 1 month	100%	⇧	Completed within timescales
Audit action implementation	3	Quality of agreed audit actions	90%			No feedback responses have been received this quarter to measure this KPI.
	4	Audit actions implemented (rolling 12 months)	85%	81%	⇧	Slight improvement in audit action implementation rate since April 2022.
	5	Historic open audit actions	0	1	⇧	One of the historic audit actions has been closed leaving only one relating to VAT treatment of employee expenses.
Internal Audit Effectiveness	6	Audit process	80%			No feedback responses have been received this quarter to measure this KPI.
	7	Customer satisfaction	80%			

![GMCA Greater Manchester Combined Authority]

Appendix A - Summary of Internal Audit Reports issued 2022/23

The table below provides a summary of the internal audit work completed. This will inform the annual Internal Audit opinion for the year 2022/23.

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
Grant Funding Management and Reporting	Reasonable	We made no recommendations in this audit.					✓	✓	✓

Grant Certifications				
BEIS Growth Hub Funding 2021/22	Positive	✓		
Peer Networks March 2022 Claim	Positive	✓		

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
	SUBSTANTIAL ASSURANCE	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.
	REASONABLE ASSURANCE	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.
	LIMITED ASSURANCE	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.
	NO ASSURANCE	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
Critical	- Repeated breach of laws or regulations - Significant risk to the achievement of organisational objectives / outcomes for GM residents - Potential for catastrophic impact on the organisation either financially, reputationally or operationally - Fundamental controls over key risks are not in place, are designed ineffectively or are routinely circumvented - Critical gaps in/disregard to governance arrangements over activities	**40**
High	- One or more breaches of laws or regulation - The achievement of organisational objectives is directly challenged, potentially risking the delivery of outcomes to GM residents - Potential for significant impact on the organisation either financially, reputationally or operationally - Key controls are not designed effectively, or testing indicates a systemic issue in application across the organisation - Governance arrangements are ineffective or are not adhered to. - Policies and procedures are not in place	**10**
Medium	- Minor risk that laws or regulations could be breached but the audit did not identify any instances of breaches - Indirect impact on the achievement of organisational objectives / outcomes for GM residents - Potential for minor impact on the organisation either financially, reputationally or operationally - Key controls are designed to meet objectives but could be improved or the audit identified inconsistent application of controls across the organisation - Policies and procedures are outdated and are not regularly reviewed	**5**
Low	- Isolated exception relating to the full and complete operation of controls (e.g. timeliness, evidence of operation, retention of documentation) - Little or no impact on the achievement of strategic objectives / outcomes for GM residents - Expected good practice is not adhered to (e.g. regular, documented review of policy/documentation)	**1**
Advisory	Finding does not impact the organisation's ability to achieve its objective but represent areas for improvements in process or efficiency.	**0**

Appendix B – Progress against the Internal Audit Plan 2022/23

The table below shows progress made in delivery of the 2022/23 Internal Audit Plan.

Key: ○ Not Yet started   ⊙ Scheduled   ◑ In progress   ● Complete

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Grants	Mandatory Grant Certifications	Q1-Q4	67	◑	◑	◑	◑		Ongoing
Corporate Services	Grants	BEIS Growth Hub Funding 2021/22	Q1		●	●	●	●	July 2022	Completed
Corporate Services	Grants	Peer Networks March claim	Q1		●	●	●	●	July 2022	Completed
Corporate Services	Finance	Grant Funding Management and Reporting	Q1	10	●	●	●	●	July 2022	Completed
ICT	Governance	ICT Audit Needs Assessment (External)	Q1	2	○	○	○	○		
Corporate Services	Finance	Budgetary Control	Q2	30	●	◑	○	○		Fieldwork Stage
Corporate Services	Finance	Treasury Management	Q2	20	●	◑	○	○		Fieldwork Stage

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
GMFRS	Front Line Services	Maintenance and Testing of Operational Equipment	Q2	20	●	◉	○	○		Fieldwork Stage
GMCA	Governance	Whistleblowing	Q2	TBC	●	○	○	○		Planning
Waste	Assets	Waste Estates Management	Q2	15	○	○	○	○		
Environment	TBC	Capital Programme 'Deep Dive'	Q2	25	○	○	○	○		
Corporate Services	Governance	Performance Management (Follow Up)	Q2	15	○	○	○	○		
Education, Work and Skills	Contracts	AEB	Q2	20	○	○	○	○		
Corporate Services	Finance	BWO Access Rights	Q3	20	○	○	○	○		
ICT	Application management	User Acceptance Testing (External)	Q3	2	○	○	○	○		

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Procurement and Contracting	Commercial	Q3	20	O	O	O	O		
ICT	Information Systems	GM One	Q3	20	O	O	O	O		
People Services	Compliance	Investigation Processes	Q3	25	O	O	O	O		
ICT	Assets	IT Asset Management (External)	Q3	2	O	O	O	O		
Corporate Services	Finance	Non-AR Income	Q3	20	O	O	O	O		
GMFRS	Front Line Services	Safeguarding and DBS	Q3	20	O	O	O	O		
GMFRS	Front Line Services	Station Standards Framework	Q3	20	O	O	O	O		
Public Sector Reform	Compliance	Supporting Families Programme	Q3	10	O	O	O	O		
Governance and Scrutiny	Information Governance	CCTV	Q4	20	O	O	O	O		
Core Investment Team	Loans and Investments	External Loans	Q4	20	O	O	O	O		
GMFRS	Prevention and Protection	Road Safety Partnership	Q4	20	O	O	O	O		

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
People Services	Workforce	Use of Consultants	Q4	25	○	○	○	○		
Total Plan Days				468						

Other Audit Activity		Quarter
Information Governance	Head of IA is a member of the IG Board, ongoing advice, and oversight of IG risks through this forum.	All
Risk Management	Internal audit facilitates quarterly strategic risk register updates through the Senior Leadership Team and the ongoing development and implementation of a GMCA-wide risk management framework.	All
Audit action tracking	Internal audit will monitor and report on a quarterly basis the implementation of agreed audit actions	All
Whistleblowing investigations	Receipt and investigation of whistleblowing reports	As needed
Ad-hoc advice and support	Advice and reviews requested in-year in response to new or changing risks and activities.	As needed
Contingency days	Days reserved to address new or emerging risks	As needed

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 board 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 April 2022.

There are no planned changes to the audit plan this time.

Audit Area	Audit	Timing	Days	Change requested	Rationale	Approved by Audit Committee

Appendix D - Internal Audit Improvement Plan

PSIAS Ref	Ref	Action Required	Responsible	Action	Target date	Status
1130	EQA1	In future, assurance arrangements over which the Head of Audit and Assurance also has operational responsibility should be overseen by somebody outside of the internal audit activity. This could be done via a peer review arrangement (NWCAE group members have undertaken these in the past) or external provider.	Head of Audit and Assurance	Assurance over risk management arrangements will be overseen by a party outside of the internal audit function. Consideration will be given to establishing arrangements for peer review from another local or combined authority. No assurance work over risk management is in the scope of the Audit Plan for 2021/22 so these arrangements will be sought to be effective for 2022/23 and beyond.	30/04/2022	Noted for future action when appropriate
2010	EQA7	A formal assurance framework should be developed in consultation with relevant stakeholders.	Head of Audit and Assurance	Develop and document Assurance framework for GMCA, in line with the "three lines" model	31/12/2021	In progress - Included in 2022/23 work programme
2050	EQA8	An assurance mapping exercise should be undertaken to identify and determine the extent to which the Head of Audit and Assurance can place reliance on other sources of assurance.	Internal Audit Manager	After the development of the Assurance Framework (7) an assurance mapping exercise will be undertaken. This can be used to inform HoIA opinion for 21/22 as well as the planning process for 22/23.	31/03/2022	In progress- included in 2022/23 work programme

PSIAS Ref	Ref	Action Required	Responsible	Action	Target date	Status
2050	AC1	When developing the assurance framework, consider the use of controls self assessments for areas of GMCA that are not subject to Internal Audit	Head of Audit and Assurance	Consider introducing controls self assessments as a line 2 assurance mechanism across GMCA. Will require some education and awareness activity to roll out.	1/4/23	For consideration if resources allow
1210	EQA18	The use of data analytical tools should be explored and introduced, with relevant training provided.	Head of Audit and Assurance	In line with the action from Recommendation 2 above. Data analytics skills will also be considered for development within the team and budget requested as necessary.	30/04/2022	c/f to 2022/23 development plan. Demo of analytics tool scheduled for August 2022.

Appendix E – FIXED ASSET DATA MIGRATION

GMCA GREATER
MANCHESTER
COMBINED
AUTHORITY

INTERNAL AUDIT REPORT

Fixed Asset Data Migration

FINAL

Based on the audit work performed, this audit has been classified as	SUBSTANTIAL ASSURANCE

Reference: Q42021/22

Draft Report Issued: 6 May 2022

Final Report Issued: 13 May 2022

Audit Sponsor: Steve Wilson, Treasurer

Lead Auditor: Stuart Richardson

EXECUTIVE SUMMARY

1.   Background and Context

1.1   In August 2021, a business case was approved to migrate all GMCA's fixed asset data onto the CIPFA Asset Management System. Prior to approval, GMCA used three separate systems to hold information on non-current assets, which the finance team rely on to support key elements of the Combined Authority's financial statements. This is the result of the transfer of the Greater Manchester Fire and Rescue Service (GMFRS) and Greater Manchester Police and Crime Commissioner (GM PCC) into GMCA in 2017, and a further transfer of Greater Manchester Waste Disposal Authority (GMWDA) in 2018. As each organisation joined GMCA, the existing system used to record their fixed assets was retained.

1.2   GMFRS, ICT and Traffic Signal Information, such as asset life and asset value were held in the fixed asset module of the Business World On (BWO) system. BWO automatically calculates depreciation and other asset related transactions, and these are recorded to the general ledger. GM PCC information was held on the CIPFA Asset Management System with asset transactions input into BWO via year-end journals and GMWDA asset information was manually recorded on a spreadsheet with transactions journaled onto BWO as part of the year-end process.

1.3   The key reasons for migrating to a single fixed asset system were to make year-end accounting processes for fixed assets more efficient, to reduce the risk of error as some aspects of producing the year-end financial statements were heavily reliant on manual processes and to improve the consistency of financial information provided, in particular in relation to financial reporting.

1.4   In the business case, several limitations were identified with the BWO fixed asset system, such as the cost of obtaining technical support from BWO and issues with the range of reports that BWO produces. This resulted in the requirement for information to be summarised manually in Excel, which is both time and labour intensive, impacting on the final accounts production process. Issues with the production of the recording of transactions related to revaluations, capitalisation, disposals, depreciation and asset lives; and difficulty reconciling transactions on a monthly basis due to the volume of accounting entries for traffic signal assets and several other issues around key functionalities. It was concluded that the time and financial cost to resolve the issues identified above was not an efficient allocation of resources, therefore the decision was made to migrate to the CIPFA Fixed Asset System.

1.5   At the time of this audit, the finance team were in the process of finalising the data migration work. We have been informed that the data migration has been successful so far, with no major issues identified. Several amendments for GMWDA were processed as part of the data migration exercise and agreed with external audit. Sample testing over PPE balances following the data migration will be completed by External Audit as part of the final accounts audit.

2.   Audit objective and scope

2.1   The overall objective of this audit was to provide assurance that the process for migrating fixed asset data to the CIPFA system was robust and would ensure that the data transferred is valid, accurate and complete and that the system has capabilities and functionalities to enable the finance team to fulfil their role both efficiently and effectively.

2.2   Specifically, the audit provides assurance over the following areas:

- The general process for managing the data transfer to the new CIPFA asset management system.
- Controls to confirm the accuracy and completeness of data transferred.
- Ongoing areas for system development and implementation and understood and risks managed.

Scope

2.3   The scope of this audit was to review data in the test system prior to the system going live.

2.4   Testing was completed on a sample basis across a range of assets classes across GMFRS, ICT, Traffic Signal Assets and Greater Manchester Waste to ensure that asset lives, and depreciation are recorded correctly.

Limitations of Scope:

2.5   As testing for this audit was performed on a sample basis, this does not give absolute assurance over the entire population of records.

2.6   This audit did not seek to reperform the data migration exercise. The purpose of our work was to review the adequacy of underlying processes to determine whether this was sufficiently robust to ensure fixed asset information transferred is complete and accurate.

2.7   The scope of the work did not include a review of the CIPFA system or information relating to GM PCC, as this information was already contained in the CIPFA Asset Management System prior to the data migration exercise.

3.   Audit Opinion

3.1   We provide **Substantial Assurance** opinion over the Fixed Asset Data Migration Exercise, as our review of the process and testing has confirmed that the migration exercise has ensured that data transferred is valid, accurate and complete. Our audit confirmed that the CIPFA Fixed Asset Management System has the capabilities and functionalities to enable the finance team to fulfil their role both efficiently and effectively.

3

3.2   We have noted that there are some areas where management continue to consult with GMCA's External Auditors around fixed asset values. At the time of the conclusion of the audit fieldwork, there were several impairments under discussion with External Audit. Whilst this is outside of the scope of this review, we would recommend that the finance team resolves any queries with external audit around impairments. We also noted that for Traffic Signal Assets, due to the complex nature of addition and upgrades, depreciation is calculated on an aggregate basis for all assets, rather than in a straight-line manner for an individual asset. Whilst this difference is below the likely materiality threshold for External Auditors, the finance team should ensure that they are aware of this when completing procedures over fixed assets and depreciation.

3.3   As the system was still in the test stage at the time the audit was completed, we cannot provide assurance on the effectiveness of the system in practice. We recommend that the finance team continues to monitor this and raises any potential issues with CIPFA in a timely manner.

SUBSTANTIAL ASSURANCE	REASONABLE ASSURANCE	LIMITED ASSURANCE	NO ASSURANCE
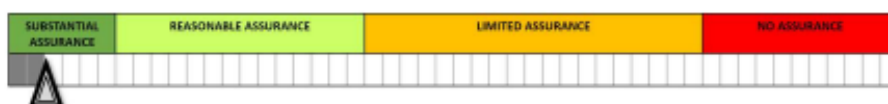
The scoring is based on the rating mechanism provided in Appendix 1

4.   Summary of Exceptions/Areas for Improvement

Finding	Risk rating	Action	Target Date
1. PPE Accounting Issues to be raised with External Audit	LOW	Any adjustments identified as part of the data migration exercise have been discussed and agreed with external audit ahead of the final accounts audit, with working papers provided to reflect these changes.	31 May 2022
		A record of discussions and agreed adjustments is retained for future reference.	31 May 2022
2. Ongoing monitoring of the CIPFA Fixed Asset System	LOW	Produce process notes that document the operation of the CIPFA system to assist with production of the year-end accounts.	31 August 2022

		Perform proactive checks over key areas, such as depreciation, NBV, additions, disposals and asset lives as part of the final accounts process. Reviewed by a senior member of finance.	31 May 2022
		Ensure a timeline is in place with key milestones detailed ahead of the adoption of IFRS16 in 2024/25.	Advisory Only

Control design vs Operating effectiveness

The table below shows how many of the audit findings relate to issues in the design of controls (Control Design) and how many are as a result of controls not being applied effectively (Operating effectiveness).
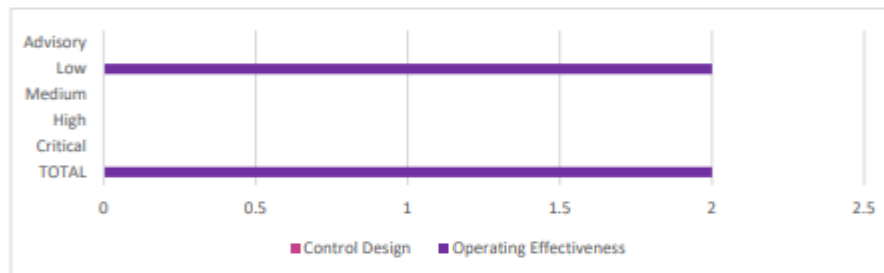
5. Organisational implications

5.1 The Property, Plant and Equipment (PPE) Valuation Exercise is a significant area of focus for External Audit, with two significant risks included in the Audit Strategy Memorandum, relation to Valuation of PPE and the Fixed Asset Data Migration Exercise. The Financial Reporting Council (FRC) requires external auditors to perform enhanced procedures over this area as this represents a significant estimate as one of the largest values in the statement of financial position. As the audit of PPE requires consultation with and challenge of GMCA's external experts for valuation, this can be a time-consuming process. Errors in the calculation of PPE balances can have a significant impact on timeliness of the delivery of local authority audits, as noted in the Redmond Review. Additional work arising from errors in PPE balances may potentially result in additional external costs being incurred due to further work being required.

5

6.   Management Response

6.1   As stated in section 5, the area of Non-Current Assets has been a consistent focus of external auditor challenge in recent years due to the material impact the values can have on the Statement of Accounts. The standardisation into a single system from CIPFA provides benefits to the Authority including ease of producing Code compliant notes for the Statement of Accounts and automatic updates for any changes to the Code. Whilst this system is not new to GMCA it is important that learning and good practice from the data migration and consolidation onto the CIPFA system is now disseminated through the team.

6.2   Ensuring the correct balances are recorded in the CIPFA system and that they reconcile to the opening balances has been a key control in this process. Further assurance has been gained with the identification of a small number of errors that have been corrected as part of the transfer process to the CIPFA system.

6.3   The challenge that lies ahead is the introduction of the much delayed IFRS16. The CIPFA Asset Management System already has this functionality built in for the preparation of the Non-Current Assets Note should the Authority choose to adopt IFRS16 early.

GRANT MANAGEMENT PROCESSES

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Internal Audit – Position Statement

To:	**Steve Wilson, Treasurer, Rachel Rosewell, Deputy Treasurer**
From:	**Sarah Horseman, Head of Audit and Assurance, Damian Jarvis Audit Manager**
CC:	Eamonn Boylan, Chief Executive; Andrew Lightfoot, Deputy Chief Executive; Liz Treacy, GMCA Solicitor and Monitoring Officer; Mazars, External Audit; and the Chair and Members of the Audit Committee
Subject:	**Grant Funding – Management and Reporting (Final Assessment)**
Date:	**20 May 2022**

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1. Introduction

1.1 Government grant funding is crucial for sustaining essential services in the public sector and the Greater Manchester Combined Authority (GMCA) receives a range of grants from government departments which is used to fund GM strategic policy priorities in Transport, Placemaking, Environment and Education, Work and Skills.

1.2 These grants can be capital or revenue and are often issued at short notice, for specific purposes and come with certain grant terms and conditions which can make it difficult to plan strategically.

1.3 Whilst GMCA is frequently the accountable body for this funding, the responsibility for the actual delivery of strategic funded programmes often rests with delivery partners including GM Districts, GM Growth Hub and Transport for Greater Manchester.

1.4 There is often a requirement for Internal Audit and the Chief Executive Officer to certify back to Government departments that this funding has been spent in accordance with the relevant grant conditions to avoid the risk of clawback or loss of future funding.

1.5 The audit of GMCA grant funding management and reporting arrangements was included on the plan for 2021/22. Following discussions with the Deputy Treasurer, we undertook an interim assessment in November 2021 and reported on our initial findings.

1.6 This latest Position Statement provides an update on our previous assessment and takes into consideration revised procedures and processes recently introduced.

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2. Scope

2.1 The Interim Assessment sought to gain an understanding of the current GMCA policies, systems, and processes for the receipt, recording, monitoring, and reporting of Grant funding.

2.2 As part of the scoping discussions, management identified several changes that were to be implemented to address known issues within the existing grant management process.

2.3 This latest position statement reflects on the initial work undertaken to address the issues outlined in the Interim Assessment.

Limitations

2.4 The interim assurance opinion was weighted toward feedback and discussion with the Deputy Treasurer and Finance Programme Board colleagues. This latest assessment included a desktop review of revised process documents and some initial walkthrough testing. At the time of reporting, it was not possible to assess the operating effectiveness of the revised processes as these were not yet properly embedded.

2.5 The audit did not seek to assess compliance of individual grants with specific grant conditions, however, understanding obtained from our regular grant certification work has contributed to our overall opinion.

2.6 While consideration was given to the arrangements for monitoring of grants which are 'passported' through to GM partner organisations, it was not intended to review the processes in place at those external bodies.

3. Background

3.1 GMCA is almost one hundred percent funded by Grant funding and details of GMCA capital and revenue funding is contained in Capital and Revenue outturn reports to CA Board. These include larger Section 31 grants and details of some of the smaller grants.

3.2 Most Government grants come with stipulations, conditions, and restrictions over how this money can be spent.

3.3 The GMCA/LEP single pot assurance framework does provide more control and flexibility on how certain grant funding can be spent and describes the expected process for decision making, and assurance and monitoring arrangements.

3.4 Responsibility for delivery of specific funded programmes and projects rests with Executive Directors or delivery partners. The GMCA Treasurer is responsible for ensuring the financial requirements for grant schemes and awards are implemented.

4.1 A national report by CIPFA in May 2021 concluded that although government grants played a significant role over how policy ambitions are achieved within local Government, the short timeframes make it inefficient and difficult to plan strategically and that accessing funds can be time-consuming, and fraught with inconsistencies. The CIPFA report also acknowledged that grant programmes would benefit from more consistency in how they are announced, recorded, monitored, and then evaluated as reporting and monitoring arrangements are resource intensive.

4. Assurance statement

4.2 We provide a **reasonable assurance opinion** on the design of the key processes to support the arrangements for grant management and reporting. This shows an improved position from the opinion given in November 2021.

4.3 The opinion takes into consideration the significant progress made to address previous findings including the creation of up-to-date Grant Registers for capital and revenue grants; the requirement for the completion of a Grant Checklist prior to receiving s151 Officer sign off; and training rolled out for the Finance Team on revised processes.

4.4 The implementation of these revised processes needs to be fully adopted and embedded across the organisation and as such we propose to conduct further work next year to assess compliance.

4.5 The table below provides a summary of the latest position against identified risks and issues from the Interim Position Statement in November 2021.

Area	Interim issue	Position Now
Grant Management Process	There is no single formalised grant management process which captures all bids for grant funding or details of government funding received. A bid management process was developed in 2019 to put more transparency and consistency in place, but this is not consistently used.	A formal bid management process has not been implemented since the Interim statement. However, a 'rolling' Grant Register which captures all grants from the point they are offered to GMCA is now in place. The Deputy Treasurer has developed and is due to implement a policy on corporate recharges. This will allow the Finance and Commercial team to provide a consistent approach to recharging of overheads and recovery of costs incurred centrally in supporting individual grants, the aim being that these costs are incorporated into initial bids submitted to funding bodies. **CONTROL: PARTIALLY ADDRESSED**

3

Late Notification	In some cases, Finance only become aware of grant funding coming in when the funding is received in the GMCA Bank account. This can be because of last-minute government announcements or a lack of awareness of funding bid for. This late notification can mean funding is not properly allocated or budgeted for.	This is somewhat beyond the control of GMCA Finance; however, the new grant management process aims to capture full details of all grants at the point of offer and prior to the Treasurer as s151 officer acceptance. This should result in greater transparency on funding conditions at the earliest opportunity. **CONTROL: IMPLEMENTED** **Effectiveness:** Compliance testing to be conducted in early 2023/24.
Grant Funding Records	There can be uncertainty on how to treat funding coming through due to incomplete information and a lack of available grant documentation. This uncertainty over the precise nature of funding and conditions of spend can sometimes lead to accounting errors. External Audit have recently challenged the correct treatment of some grants as part of the final accounts process.	The new grant management process sees the introduction of a Grant Checklist for both revenue and capital grants which aims to capture all necessary information for each grant. The requirement to complete this ahead of formal acceptance of the grant should provide greater certainty over how grants should be accounted. **CONTROL: IMPLEMENTED** **Effectiveness:** Compliance testing to be conducted in early 2023/24.
Accountability	Ownership and responsibility for management of pots of funding is not always apparent. Including the governance, approval route and timescales for funding. This can create inconsistencies over how funding is accounted for and how assurances are provided over the use of this funding, delivery of programmes and projects and demonstrating compliance with funding conditions.	While ongoing programme assurance of grant projects was outside the scope of this audit, the Grant Register now captures the accountable Officer both within the Finance Team and Directorate with responsibility for managing the grant. The register also records any financial assurances that are required over the life of the grant and the period of funding. **CONTROL: PARTIALLY IMPLEMENTED** **Effectiveness:** 'Deep Dives' will be conducted on a sample of Capital Projects during 2022/23 audit plan to look at project governance.

4

Approval	Properly evidencing approvals and authority to spend through the approved budget and grant sign off process. There is little in the constitution to support how this should be done.	The GMCA Constitution and Financial Regulations is reviewed annually. Further work is required to describe financial procedures in relation to the award of grants. Grants are now incorporated into the quarterly budget monitoring process so any additional in-year funding should be identified and appropriate adjustments to the budget can be made and approved. **CONTROL: PARTIALLY IMPLEMENTED** (awaiting review of constitution) **Effectiveness:** Our Audit of Budgetary Control arrangements during Q1 2022/23 will provide assurance on this.
Assurance Arrangements	Monitoring and assurance requirements are not always clear including assurance requirements to Government departments, and responsibilities for providing first, second- and third-line assurances.	These are usually contained in the Grant Offer letters and MoU. Key requirements are now captured upfront within the Grant Checklist and Grant Register to ensure that these are fully understood. Responsibility for project level assurance remains with the Directorate managing the grant. **CONTROL: IMPLEMENTED** **Effectiveness:** 'Deep Dives' will be conducted on a sample of Capital Projects during 2022/23 audit plan to look at project governance.

5. Next Steps

5.1 We make no immediate recommendations at this stage. The Finance Team will continue to monitor compliance with revised procedures and ensure the Grant Register remains up to date. Internal Audit will conduct further work in 2023/24 to assess compliance.

5

GMCA GREATER MANCHESTER COMBINED AUTHORITY

INTERNAL AUDIT REPORT

GMCA Estate
Statutory Premises Safety Checks

FINAL

Based on the audit work performed, this audit has been classified as LIMITED ASSURANCE.	**LIMITED ASSURANCE**

Reference:

Draft Report Issued: 23 June 2022

Final Report Issued: 18 July 2022

Audit Sponsor: Malcolm Courtney, Head of Estates and Facilities, Strategy and Policy

Lead Auditor: Jessica Jordan

1

EXECUTIVE SUMMARY

1. Background and Context

1.1 Greater Manchester Combined Authority (GMCA) has a legal duty to ensure that all its premises are a safe place to work. In practice this means the completion of several statutory health and safety checks on gas and electricity, legionella, asbestos, fire safety; and premises maintenance and repair across the 78 properties in the portfolio (41 stations, 8 admin buildings, and 29 residential properties).

1.2 Most of these routine inspections and compliance checks are conducted by specialist contactors. There are currently 40 suppliers with 46 contracts in place to support this process, all of which are managed by the GMCA Estates and Facilities management Team.

1.3 At the time of the audit the Estates team were about to launch phase 2 of the BWO Estates module, this will allow the team to schedule when compliance checks are due across the Estate and raise purchase orders from within the Estates module. Before the audit commenced, we were made aware that there were some reservations about the ability of the new system to fully meet the needs of the service.

2. Audit objective and scope

2.1 The objective of this audit was to provide assurance that GMCA are acting in accordance with their statutory obligations in the completion of premises safety inspections set out in relevant health and safety legislation.

2.2 The scope of this audit included:

(i) Reviewing the mechanisms in place for the scheduling and delivery of statutory surveys and compliance checks across the estate. This included assurances provided to both GMFRS and GMCA.

(ii) Reviewing relevant records held in support of the inspections and conduct sample testing to ensure these are appropriate, evidence compliance with legislation and are accessible.

(iii) Considering how identified issues are managed and resolved by the Estates Team

2.3 Sample testing focused on the checks conducted from April 2020 onwards or earlier if that was in line with agreed maintenance and inspection schedules.

Limitations:

2.4 Testing for this audit was performed on a sample basis which does not give absolute assurance over the entire population of records.

2.5 This audit did not review the development and roll out of the new Estates management module, but we have considered any impact on the scope of this work in terms of revised systems and processes.

2.6   We have not provided opinion on the quality of the work undertaken by specialist providers and whether this meets all legal and technical requirements.

3.   Key Compliance Metrics

Number of Sites	**78**
Number of active Statutory Compliance Checks	**727**
Number of Statutory Compliance Checks per annum*	**1360**
Current Statutory Compliance Rate (based on spreadsheet record of active checks)	**76%**
Number of active Planned Preventative Maintenance Checks	**530**
Number of Planned Preventative Maintenance Checks per annum*	**339**
Current Planned Preventative Maintenance Compliance Rate (based on spreadsheet record of active checks)	**46%**
Current Overall Compliance Rate (based on spreadsheet record of active checks)	**64%**

*Checks are undertaken at different intervals dependent on subject matter only the most recent check is counted as the active check the per annum figure takes account of multiple checks taking place per year in some areas and checks happening less often than annually in others.

4.   Audit Opinion

4.1   We provide a **limited assurance opinion** over the control framework in place for the completion, recording and monitoring of Premises Safety Inspections across the GMCA Estate.

4.2   Our audit testing found evidence that routine and statutory safety inspections and compliance checks are taking place. However, the manual spreadsheet that is currently used to record and monitor compliance is significantly out of date. As at 1 March 2022 the spreadsheet showed that GMCA was 76% compliant with Statutory inspections and 46% compliant with Operational Planned Preventative Maintenance inspections, putting overall compliance at 64%.

4.3   This figure is substantially below what we would expect. Currently, whilst there is some evidence to suggest that actual compliance levels may be significantly higher than those shown in monitoring records maintained by the Estates Team, and a view which is upheld by Estates Management, the inability to easily and accurately demonstrate this leaves the organisation open to risk.

4.4   Our audit testing of a 5% sample of inspections identified one breach of gas safety inspection requirements with a building not having been inspected in line with the 12-month requirement and a further four that had failed Statutory inspections but not been recorded as such.

4.5 An urgent action is needed to update the inspection records to be able to show a true picture of compliance and ensure there are no breaches of statutory requirements.

4.6 In addition to this key finding, the audit also identified some limitations in the quality of information currently held in the spreadsheet, namely:

- It only contains the date of the most recent check, so it is not possible to confirm that all checks have been undertaken at the correct intervals over a set timeframe.

- It doesn't record whether any issues were reported as part of the inspection; and

- Details of any required remedial works, advisory issues or action taken as a result is not shown.

- Specialist Contract data - all contract agreements had expired by 2019. We understand that several contracts have since been extended, but work is required to re-procure these to ensure they represent value for money.

4.7 The Estates team are working to implement a new Estates Asset Management Module and are in the process of migrating data into the new system. Whilst the new system will address some of the issues contained in this report, the scope of planned project development work should be reviewed to establish further opportunities to meet functional business requirements.
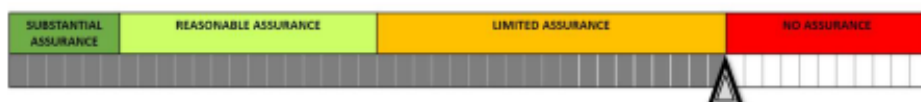
The scoring is based on the rating mechanism provided in Appendix 1

Note: Basis of Audit Opinion Score: The existing scoring criteria applied at Appendix 1 would automatically provide a 'No Assurance' rather than 'limited' Assurance Opinion given the critical finding in this report. However, based on our underlying assessment and discussions with Estates Management, we have obtained some assurance that arrangements are in place to carry out the necessary inspections and saw evidence that they are performed via the documentation received from the appointed contractors. Notwithstanding that, the significance of these findings need to be acknowledged, and the actions implemented as a matter of priority.

5. Summary of Findings and Agreed Actions

Finding	Risk rating	Action	Target Date
1. Existing manual systems used for recording and monitoring Statutory Compliance and Safety checks are inadequate.	**CRITICAL**	As a matter of priority, an exercise to bring the monitoring spreadsheet up to date will be undertaken. This will include periodic reporting of compliance figures to Senior Management.	Head of Estates Completed

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	(red)		
		The new BWO system will be assessed to ensure it can address all identified issues and an action plan put in place to address any issues which the new system does not address.	Head of Estates July 2022
2. There is a lack of assurance over the contract status and suitability of specialist contractors engaged to conduct relevant inspections.	**HIGH**	Re-procurement of key specialist contracts to be initiated with the Commercial Team.	Head of Estates March 2023
		Review of contractor qualifications to be undertaken.	As Above
		Contractor requirements in relation to system use will be identified and incorporated into the tender processes.	As Above
3. There is a lack of central assurance over the completion of Statutory Premises Fire alarm testing (and other site -specific fire testing).	**LOW**	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.	Head of Estates March 2023
4. Lack of documented procedures to support the process for conducting and recording Premises Safety Inspections.	**LOW**	Detailed procedural notes to be put in place to support the use of the BWO Estates Module and manual records for completion of Premises Safety Checks.	Head of Estates March 2023

6.   Organisational implications

6.1   The reliance on manual records and lack of proper system in place means there is an increased risk of inspections being missed. It is vital that the new Estates Asset Management Module has the functionality to address these areas of concern and provide a more robust system for scheduling and reporting moving forward.

6.2   We are aware that improvements to the new BWO Estates Module are currently being considered and as such quotes for this are being obtained. To ensure that Value for Money is achieved it is recommended that the improvement work is not commissioned

until the results of this audit have been reviewed and any required changes incorporated into the relevant development proposals.

7.   Management Response

7.1   Over the past five to ten years, the Estates and Facilities Department has had vacant management positions, high staff turnover and a reduction in staff numbers following the removal of the Deputy Head of Estates role. However, the service has continued to always manage statutory compliance, whilst taking on additional responsibilities, being restructured from Fire to the CA and working through Covid-19.

7.2   We are confident that the Statutory Compliance is managed correctly and there are no risks to people or property as a result. The issues are with the systems and procedures, or lack thereof, utilised to manage this process resulting in delays in reporting.

7.3   The true issue lies with the collation and recording of test certification which has always, and is still, undertaken manually. Compliance testing is carried out across all locations and is either i) left on station for collection, ii) posted by the contractor or iii) recorder on the contractor's web portal for recording purposes.

7.4   The recording of compliance test results is always in arrears of the true position and is labour intensive to record accurately.

7.5   Sample testing focused on the checks conducted from April 2020 onwards which coincided with the onset of Covid 19 and is not considered reflective of a true "Business as Usual" period. This unique period required changes in working practices, shortages in contractor's staff and working from home, impacting the opportunity to record posted certificates.

7.6   The new BWO Estates Asset Management tool will NOT provide any additional functionality in respect of compliance and is merely a scheduling tool to show when inspections are due.

7.7   Throughout the "Summary of audit results" that follows the following points should be noted:

- this figure is likely to be much lower than actual compliance due to the delays with updating the spreadsheet

- On review of the full spreadsheet we found 41% of the checks were out of date (i.e. a subsequent check should have taken place). Given our sampling of these showed that these checks were being undertaken but not updated, and this indicates that the actual compliance rates may be significantly understated. **[finding 1]**

7.7   The proposed solution to the issues is one that has been identified in previous reviews of the E&F function that identifies a lack of resources to undertake a review of all policies and procedures and produce process mapping for all activities undertaken.

7.8   It is intended, therefore, to explore the option to appoint a single FM Contractor to undertake all Statutory Compliance and Planned Maintenance tasks rather than the current arrangement with 40 suppliers and 46 contracts.

7.9   The incumbent provider would be responsible for providing a suitable CAFM system as part of their appointment that would give an accurate, up to date, compliance position and a suitable dashboard to provide senior officers with the assurances required. This process will require a full procurement exercise hence the Target date of March 2023.

7.8   Without an adequate Computer Aided Facilities Management system to support the Estates and Facilities Department, we are reliant upon manual monitoring using a spreadsheet that is limited in its function. The Business World On! system has been adapted for our needs but falls short of the requirements to manage Compliance effectively and efficiently.

Immediate Actions Taken

7.9   Historically, the Estates Engineering Officer and Service Delivery Officer have been solely responsible for Statutory Compliance, including servicing and monitoring processes, but we are reorganising responsibilities to include the new FM and Compliance Manager along with the Admin Team to assist with data management and reporting.

7.10   Additionally, there have been delays in receiving some certificates from our servicing contractors – who often provide certification via an online web portal – which can cause issues with the dates in the spreadsheet being updated, sometimes weeks after the checks have been completed. The is exaggerated for the Monthly Legionella Checks which need updating on a much more frequent basis and could potentially be perpetually out of date on the spreadsheet. To counter this issue, we have started to receive scanned copies of the engineer's test reports from Stations which should assist to keep these records more up to date whilst we work with the contractors directly to remedy the delays.

7.11   As a consequence of the above we are now able to demonstrate 100% compliance in many areas and in particular the area of Legionella Compliance.

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BEHAVIOURAL POLICIES AND CODES

GMCA GREATER
MANCHESTER
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AUTHORITY

INTERNAL AUDIT REPORT

GMCA Behavioural Policies and Codes

FINAL

Based on the audit work performed, this audit has been classified as LIMITED ASSURANCE.	**LIMITED ASSURANCE**

Reference: 2021/22Q2

Draft Report Issued: 5 April 2022

Final Report Issued: 18 July 2022

Audit Sponsor: Julie Connor, Assistant Director Governance and Scrutiny

Auditors: Jessica Jordan and Damian Jarvis

EXECUTIVE SUMMARY

1.   Background and Context

1.1   The Greater Manchester Combined Authority (GMCA) promotes a culture of behaviour based on shared values, ethical principles and good conduct that is put into practice by Members and Officers alike. It expects that Members and Officers uphold high standards of conduct when undertaking work or representing the Authority in any capacity.

1.2   The GMCA Constitution (Part 7) contains the Code of Conduct for Members and Officers. It sets out the expectations and standards of professional and personal behaviour and is underpinned by the seven principles of Standards in Public Life known as the Nolan Principles which are: selflessness; integrity; objectivity; accountability; openness; honesty and leadership.

1.3   The GMCA Monitoring Officer assisted by the Governance and Scrutiny team have responsibility for managing declarations of interests for over 180 Elected Members and twelve Statutory GMCA meetings. GMCA Standards Committee in December 2021 received a report outlining details of the current processes within the GMCA to publish declarations of interest in line with the requirements of the Localism Act 2011.

1.4   This audit considers the effectiveness of existing arrangements and adherence to the general principles set out in GMCA 'Behavioural' Policies and Codes.

2.   Audit Objective and Scope

2.1   The objective of this audit is to provide assurance over the effectiveness of GMCA 'Behavioural' Policies and relevant Codes and demonstrating compliance with procedural requirements. The audit focussed on the following control objectives:

- Written Policies and Codes exist, and these are widely accessible
- Policy requirements are understood, and compliance evidenced.
- There is adequate training in place to support compliance.
- Regular oversight, monitoring and reporting takes place.

2.2   The scope of the audit included the following Policies and Codes: Code of Conduct for Officers and Members; Gifts and Hospitality Registers; and Declarations of Interests.

2.3   The audit considered arrangements for each of the following:

(i) all GMCA Elected Members (including Co-opted Independent Members), and its Committee.

(ii) The Mayor, Deputy Mayor, and appointed Advisors.

(iii) Statutory Officers of the GMCA with delegated decision-making responsibilities.

(iv) Officers including, but not limited to GMCA Senior Leadership Team and GMFRS Leadership Team.

2.4   The audit relates to two distinct areas, Members (Political Governance) and Officers (Internal Governance).

Limitations:

2.5   Testing for this audit was performed on a sample basis which does not give absolute assurance over the entire population of records.

2.6   We do not provide opinion on the accuracy and completeness of records held or the value of entries in registers.

2.7   This audit did not review associated policies including GMCA Anti-Bribery Policy and Officer and Member Expenses Policy.

3.   Audit Opinion

3.1   We provide a **limited assurance opinion** over the effectiveness of GMCA behavioural policies, procedures and codes and demonstrating compliance with key requirements. Our audit identified good opportunities for improvements in developing a standardised and consistent approach, particularly across employee areas that would push GMCA closer to best practice. Systems to strengthen practice across the Wider Leadership Teams and GMFRS is being supported by the People Services Directorate.

3.2   There was a generally robust process in place for the collation and management of annual declarations of interest returns for Elected Members and for Committee agenda items, and this information is openly available. However, there was some inconsistency in the quality and completeness of records held. Additionally, there is no centrally maintained gifts and hospitality register for GMCA Members.

3.3   At Officer level, the Statutory Officers of the GMCA, Chief Executive, Monitoring Officer and Treasurer complete annual declaration of interest forms held by the Chief Executive. Below this level, the GMCA Senior Leadership Team is in the process of systemising declarations of interests and gifts and hospitality registers as the Code of Conduct and procedural requirements around these were less well formalised and understood. Gifts and hospitality is being accepted, but this is not always being recorded on a formal register.

3.4   Further work is required to make policies and codes more accessible and provide greater internal guidance on the rules. This should be supported indirectly through the promotion of expected standards of conduct and ethical behaviour by all staff. We are pleased to report that there is planned work in GMFRS to address ethical behavioural standards and conflicts of interest requirements through the new Code of Ethics policy to be launched in 2022.

3

3.5   The creation, maintenance and publication of a Gifts and Hospitality register and Declaration of Interest register for GMCA and GMFRS Executive, Senior Leadership team, and functional Directorates will promote public accountability and provide greater confidence in decisions taken should any conflicts arise.

SUBSTANTIAL ASSURANCE	REASONABLE ASSURANCE	LIMITED ASSURANCE	NO ASSURANCE

The scoring is based on the rating mechanism provided in **Appendix 2**

4.   Summary of Findings and Agreed Actions

	Finding	Risk rating	Action	Target Date
1.	**Codes of Conduct** - Existing employee behavioural policies and Codes require review and update to address weaknesses in process and consistency.	High	Implement single overarching CoC policy plus specific rules for grey/green book staff.	December 2022
			Staff confirm compliance with this at regular intervals.	As Above
			Establishing ownership and responsibility for review and oversight.	As Above
			Roll out of GMFRS CoC and Ethics Policy.	July 2022
2.	**Gifts and Hospitality (Employees & Members)** Registers are not maintained in all areas.	Medium	Create stand-alone Policy and process guidance including rules for acceptance of G&H (Employees).	December 2022 (Employees)
			Introduce standard format for recording G&H information across the Organisation (Employees & Members).	July 2022 (Members)
			Maintain oversight over appropriateness of accepted G&H and any trends.	December 2022
			Develop and publish protocol for International visits.	July 2022
3.	**Declarations of Interest (Employees)** -There is no standardised or consistent approach for recording or managing declarations in compliance with the GMCA employee code of conduct.	Medium	Create stand-alone DOI Policy and process guidance.	December 2022
			Introduce annual requirement to complete annual DOI for all staff.	As Above
			SLT/ELN responsible for raising awareness amongst staff.	As Above

4

4.	**Promoting Awareness (Employees)** - Further work is required to raise awareness of GMCA behavioural policies and codes to strengthen compliance with process and rules.	Medium	Officers and Operational Firefighters will be made aware of the relevant Code of Conduct.	December 2022
			SLT/ELN responsible for raising awareness amongst staff.	As Above
			Incorporate into new starter induction process and contracts of employment.	As Above
5.	**System & Process (Employees)** - There is no single central repository for holding DoI and G&H information which would allow for easy access, monitoring and reporting.	Low	Develop a simple system which will allow for this information to be submitted and stored digitally. To consider the use of i-trent/MiPlace for this.	December 2022

Control design vs Operating effectiveness

The table below shows how many of the audit findings relate to issues in the design of controls (Control Design) and how many are as a result of controls not being applied effectively (Operating effectiveness).
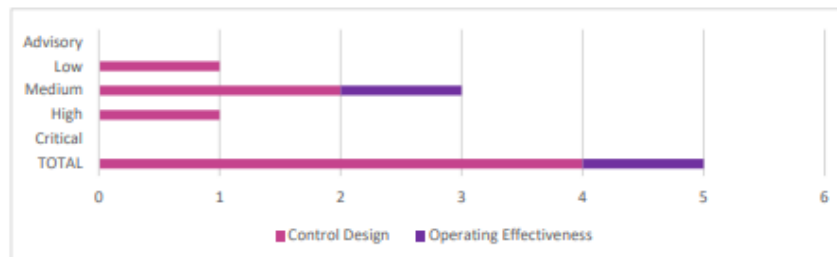
5.   Organisational implications

5.1   Without a standardised and consistent approach across the organisation for gathering holding and managing this information, there is a risk that staff, in the course of their duties, are unable to demonstrate that decisions taken to approve or authorise contracts or other transactions are not taken in line with personal interests and to avoid any future challenges or misunderstandings.

5.2   Within GMCA, there is an increasing amount of commissioning work, procurement and contracting activity and decisions taken to award grant and loan funding. This presents a significant risk but also a good opportunity to remind staff, consultants, and contractors of the code of conduct, ethics and behavioural expectations of staff including the concept of declaration of interests and gifts and hospitality rules.

6.   Management Response

6.1   We have confidence in the arrangements in place for the Mayor, CA members, Chief Executive, Treasurer & Monitoring Officer as the key decision makers for the authority.

6.2   We are committed to strengthening arrangements for our senior leadership team and extended leadership team and eventually our whole workforce and to systemise this so that we can maintain up to date electronic records monitored as part of staff appraisals.

6.3   We will also include behavioural policies as a key part of our staff induction processes which are currently being re designed.

GMCA GREATER
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INTERNAL AUDIT REPORT

GMFRS 7(2)d Fire Safety Visits

FINAL

Based on the audit work performed, this audit has been classified as REASONABLE ASSURANCE	**REASONABLE ASSURANCE**

Reference:

Draft Report Issued: 30 June 2022

Final Report Issued: 20 July 2022

Audit Sponsor: Carlos Meakin, ACFO Director of Service Delivery

Lead Auditor: Stuart Richardson

EXECUTIVE SUMMARY

1.   Background and Context

1.1   An audit of GMFRS approach to fulfilling its functions under the provisions of s7(2)d of the Fire and Rescue Services Act was included in the 2021/22 Internal Audit Plan as it was a key priority development area for Greater Manchester Fire and Rescue Service (GMFRS)

1.2   The provisions of the Fire and Rescue Services Act 2004 outline the requirements of GMFRS to fulfil its obligations in relation to Section 7(2)d in respect of 'making provision for obtaining information needed to extinguish fires and protect life and property in the event of fire'.

1.3   In practice, this means that GMFRS will keep and maintain operational intelligence records for only the most significant risks to firefighters, the environment, heritage, the economy, the public and the community.

1.4   Following on from the HMICFRS inspection in November 2018, several areas for improvement were identified relating to how effective the fire and rescue service is at keeping people safe and secure from fire and other risks. In the HMICFRS Improvement Action Plan published in October 2020, under the heading Understanding the risk of fire and other emergencies. A specific area for improvement was that 'The Service should ensure its firefighters have good access to relevant and up-to-date information', with one of the further activities planned as part of the action plan for 'Operational Crews to undertake 7(2)d visits'.

1.5   A revised Operational Intelligence Policy was approved in May 2022 as part of the action plan. In addition to this, other activities relating to this area have been considered such as a review of the Operational Intelligence System (OIS), which is the computer system where operational information is recorded and available to view at incidents; a review of the Risk Based Inspection Programme and a review of Site-Specific Risk Information Notes.

2.   Audit objective and scope

2.1   The objective of this audit was to provide assurance that GMFRS is acting in accordance with their statutory obligations in relation to those set out in Section 7(2)d in the Fire and Rescue Services Act 2004. In order to do this, we have sought to:

- Assess whether the new Operational Intelligence Policy is compliant with the obligations set out in Section 7(2)d of the Fire and Rescue Services Act 2004 and other statutory guidance
- Review whether risks are identified, assessed, and reviewed in a systematic manner, in line with statutory guidance and internal policies and procedures
- Assess whether information is added and removed from the OIS appropriately to determine whether information held is complete and accurate, and if risks are correctly classified as part of the risk assessment process.

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- Assess the effectiveness of the internal quality assurance process to determine whether this is completed in a timely manner, is sufficient to ensure that data held is complete and accurate, and if the results of this process are fed back to staff via performance management or training.
- Review the current technology infrastructure in place and assess whether this is currently fit for purpose and effective in ensuring operational intelligence is effectively disseminated to staff
- Review the current arrangements for monitoring and reporting of performance against targets, and test data to ensure it is complete and accurate, reported at an appropriate level and whether underperformance against targets is monitored and addressed through this process.

2.2   The following systems and processes were covered:

- The Operational Intelligence Policy and related documents
- Risk Footprint Reviews, Risk Identification, Site Inspections, Site Records and the approval and review of site records
- The internal Quality Assurance Process
- The OIS and existing technology infrastructure currently in place
- Monitoring and reporting of performance in relation to operational intelligence

Limitations:

2.3   The scope of our work did not include reperformance or review of 7(2)d records, for example to assess completeness or accuracy. The purpose of our work was to review the adequacy of the underlying processes to determine whether the internal control environment is sufficiently robust to mitigate the risks identified in relation to 7(2)d.

2.4   The Operational Intelligence Policy was updated in May 2022. It is our understanding that the policy framework has been approved by Fire Executive and is intended to be implemented from 1 August 2022. Therefore, many of the controls and processes outlined in the policy were not fully implemented and/or embedded at the time of the completion of the audit fieldwork. Our work will focus on assessing internal controls and processes currently in place, and the suitability of the Operational Intelligence Policy.

3.   Audit Opinion

3.1   We provide a **Reasonable Assurance opinion** over 7(2)d policy and procedural framework for undertaking these visits. Our work identified several amendments required to the OIS Policy. These related to ensuring that external guidance was fully referenced in the policy in the relevant areas, ensuring that the new risk identification and ongoing risk identification sections of the policy were more detailed and prescriptive, amending the expectations of risk footprint review visits to align this more effectively to risk and ensuring the audit and quality assurance process is supported by and refers to an underlying assurance programme which covers contemporary, thematic and recurring topics.

3.2   We have identified several other areas of consideration for management. These are around ensuring that there is a project in the Medium-term to replace to existing OIS

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system, to ensure that there is the correct level of skills and experience around conducting 7(2)d visits across the GMFRS workforce and in using the OIS system. In addition, we have included a minor recommendation around ensuring that performance is managed consistently across station areas.

3.3   Management have already taken action to amend the OIS policy, with the amendments proposed by internal audit. The revised OIS policy was presented to SLT in May 2022. From the discussions that Internal Audit have had with Management over the revision of the policy, we are confident that the policy will be appropriately amended.

SUBSTANTIAL ASSURANCE	REASONABLE ASSURANCE	LIMITED ASSURANCE	NO ASSURANCE
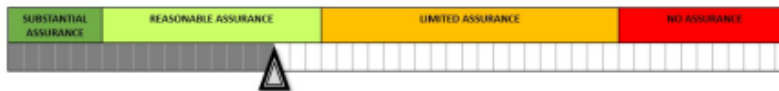
The scoring is based on the rating mechanism provided in Appendix 1

1.2   Summary of Exceptions/Areas for Improvement

Finding	Risk rating	Action	Target Date
1. Amendments to the Operational Intelligence Policy and Procedure.	**Medium**	These areas will be amended in the final published version of the policy.	August 2022
2. Underlying Assurance Strategy required	**Medium**	To implement and embed the quality assurance process for 7(2)d visits as part of the policy roll out.	September 2022
		To 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.	September 2022
3. Operational Intelligence System (OIS) future proofing and user familiarisation	Low	GMFRS will develop a medium-term plan to cover the next 3-5 years to replace the current OIS system to ensure this area is future proofed.	TBC (This is already a Project in the Digital Pipeline)

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4. Utilisation of Resources	Medium	GMFRS to continue to review the utilisation of available resource to support successful implementation of the Operational Intelligence policy and key priorities.	TBC
5. Monitoring of Performance	Low	To ensure that guidance is updated to promote consistent management of performance across station areas	TBC

4.   Organisational implications

4.1   The GMFRS Corporate Risk Register includes an amber rated operational risk around site specific risk information (RR43). The risk description is below:

4.2   *There is a risk that when operational crews attend incidents, they access Site Specific Risk Information (SSRI) that could be incorrect, insufficient, or not recorded, which may result in Incident Commanders not having the correct information to understand the complexities, risks and hazards associated with the premises. Incident Commanders without the correct information may develop tactical plans to resolve incidents with potential of not understanding the risk and threats, resulting in an incorrect tactical plan being developed and implemented and possibly endangering people or firefighters.*

4.3   The HMICFRS report issued in December 2021 reported that GMFRS is good at identifying risks in its communities and good at communicating risk information to its response staff, however the recording of relevant and up-to-date risk information to protect firefighters, the public and property during an emergency was identified as an area of improvement and sharing of information with prevention, protection, and response functions. In addition to this, areas for improvement were identified with regards to allocating sufficient resources to a prioritised and risk-based inspection programme and the number of resources required to achieve the new risk-based inspection programme.