

GMCA Audit Committee

Date: 27 July 2022

Subject: Head of Internal Audit Annual Opinion 2021/22

Report of: Sarah Horseman, Head of Audit and Assurance

PURPOSE OF REPORT

The Internal Audit team delivers an annual programme of audit work designed to raise standards of governance, risk management and internal control across the Greater Manchester Combined Authority (GMCA). In accordance with Public Sector Internal Audit Standard 2450 this work is required to culminate in an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

This report provides Members of the Audit Committee with the Head of Internal Audit Opinion on the effectiveness of the framework of governance, risk management and internal control at Greater Manchester Combined Authority (GMCA) for the year ended 31 March 2022.

RECOMMENDATIONS:

Members are requested to consider and comment on the Head of Internal Audit Opinion 2021/22.

CONTACT OFFICERS:

Sarah Horseman, Head of Audit and Assurance

Risk Management – see paragraph 3.3

Legal Considerations – N/A

Financial Consequences – Revenue – N/A

Financial Consequences – Capital – N/A

Number of attachments included in the report: N/A

BACKGROUND PAPERS:

Papers previously presented to Audit Committee

- Internal Audit Plan 2021/22
- Internal Audit progress reports
- GMCA Corporate Risk Register

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

Head of Internal Audit Opinion 2021/22

1. Introduction

The Head of Internal Audit is obliged, 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, derived from this work.

2. Scope

The Head of Internal Audit opinion is substantially derived from the results of the risk-based audits contained within the Internal Audit Plan for 2021/22. In addition the following are also considered:

- Grant Assurance work undertaken by Internal Audit;
- The implementation of actions agreed as part of internal audit work;
- The results of any investigation work undertaken by Internal Audit;
- Other sources of assurance, for example external inspections/reviews as well as internal "line 2" assurance activities;
- The quality and performance of the internal audit service and level of compliance with Public Sector Internal Audit Standards (PSIAS)

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to GMCA. The opinion is one component that is taken into consideration within the Annual Governance Statement.

3. Head of Internal Audit Opinion

3.1. Overall Opinion

Based on the work undertaken by Internal Audit in respect of 2021/22 the opinion of the Head of Internal Audit is that **moderate assurance** is provided on the overall adequacy and effectiveness of GMCA's framework of governance, risk management and internal control.

This opinion is based upon the findings of the audit work undertaken during the year as well as other sources of assurance that can be relied upon. It is reflective of the progress made since the previous year, particularly in relation to the evolving maturity of risk management arrangements in place within GMCA and in the development of the performance management framework, including the business plan and associated periodic reporting against milestones and metrics within it. Implementation of audit actions has also remained consistent throughout the year, with some audits resulting in immediate action being taken to address findings, indicating that the organisation values and takes seriously the actions arising from audits undertaken.

There were a number of limited assurance opinions issued during the year, but generally these were in relation to specific areas within the organisation that aren't necessarily an indicator of systemic failures of internal control, but rather isolated processes or activities where improvements are needed.

The basis for this opinion is provided in Section 4 of this report. Details of the possible audit opinions is provided in Appendix A.

Internal Audit work has been carried out in line with the requirements of PSIAS. The Internal Audit team has maintained its independence and objectivity throughout the year and there have been no instances identified of non-conformance with PSIAS.

4. Basis of the Opinion

4.1. Corporate Governance

Through the internal audit work undertaken and review evidence to support the application of the governance framework, for 2020/21 it can be confirmed that the following are in place:

Governance and Scrutiny

- Three Scrutiny Committees are in place as defined in the Constitution. Meetings are held in public and recordings and papers available on the GMCA website. The Scrutiny meetings have not met as regularly as planned in the year as quoracy was not always achieved. This should be an area of focus for improvement in 2022/23.
- The Police and Crime Panel is also in place, and met regularly, in public, throughout the year.
- A Standards Committee is in place and met in the period under review.
- The Audit Committee meets regularly, in public and all papers are also publicly available.
- Meeting papers and webcasts for GMCA, Committee and Scrutiny meetings are available on the GMCA website for a period of six months after the meeting date. The policy for livestreaming statutory meetings that may previously not have been recorded was extended during the pandemic to all statutory meetings (for example Audit Committee).
- Registers of key decisions (upcoming and made) for GMCA and GMTTC are available on the GMCA website

Policies and Codes

- GMCA has within its Constitution a Code of Conduct for both Officers and Members which set out the key expectations around personal behaviour and professional conduct. The Code was considered by the Standards Committee in December 2021.
- There are generally robust policies and procedures in place for gathering and collating declarations of interest from Members which are available on the GMCA website. Declarations of Interest is a standing agenda item at all Committee and Scrutiny meetings.
- GMCA's whistleblowing policy was last updated in November 2020 and is available on the GMCA intranet and the GMCA website. Whistleblowing reports are made to the Head of Audit and Assurance and oversight is provided by the Treasurer. The Audit Committee

receives an annual report on the outcomes of whistleblowing reports, the report for 2021/22 was presented to the Audit Committee on 22nd April 2022.

Objectives and Performance Measurement

- A number of strategies and plans are in place across GMCA which define outcomes and priorities. These include:
 - A refreshed Greater Manchester Strategy (GMS) which was published in 2021 and spans the 10 years to 2031. Desired outcomes and commitments are set out to achieve a greener, fairer and more prosperous Greater Manchester. A corresponding performance framework has been developed and will be implemented in 2022-23.
 - The Standing Together Plan 2022-2025 sets out the plan for policing and for addressing inequalities, fighting crime, and making the city-region safer. It sets out three priorities which are: keeping people safe and supporting victims; reducing harm and offending and strengthening communities and places
 - GMFRS Fire Plan sets out a number of priorities and commitments for GMFRS relating to emergency response, prevention, protection, value for money, culture and integration with partner agencies. An annual delivery plan was in place for 2021/22 with performance reported quarterly against the key performance indicators in the plan.
- Internal Audit actions relating to the GMCA Performance Management Framework in 2020/21 have been progressed in 2021/22. Quarterly performance management metrics started to be reported to the Senior Leadership Team in Q3 2021/22. Delivery of business plan commitments is also monitored and reported.
- GMCA publishes quarterly information in line with 2.1 of the Local Government Transparency Code. Pay policy for 2020/21 including: senior salaries, pay multiples is published but not for 2021/22. Not all of the annual information required in section 2.2 of the Code was available on the GMCA website in 2020/21 (for example land and assets data and GMCA organisation chart)

Based on the above summary, areas for improvement have been noted, including:

- The Code of Corporate Governance needs updating
- From the Internal Audit of Behavioural Policies, it was identified that improvements to Officer policies including the Code of Conduct, Declarations of Interest and Gifts and Hospitality are required
- Whilst in place, the GMCA Counter Fraud Policies are due for review and refresh
- A review of information published in line with the Local Government Transparency Code is required to ensure GMCA complies with all the requirements of that
- Arrangements and effectiveness of Scrutiny Committees need to be reviewed and refreshed to ensure that they are effectively discharging their oversight duties.

4.2. Risk Management

In 2020/21 the Head of Audit and Assurance assumed responsibility for developing a risk management framework for GMCA. It is clear within GMCA through the framework and the Internal Audit Charter that although development of the framework was undertaken by Internal Audit, ownership of the risk management activities and risks lie absolutely with management, via the Chief Executive's Management Team (CEMT) and Senior Leadership Team (SLT).

A new Risk Management Framework was developed by the Head of Audit and Assurance and approved by Audit Committee in November 2020. Roll out of the framework has continued in 2021/22, with significant progress made in rolling out the framework across directorates.

An organisational risk management maturity assessment was undertaken in 2020/21 and was repeated in 2021/22. The 2021/22 results showed a significant improvement in risk management maturity, moving from a score of 2.64 out of 5, which would be classed as an "Emerging" level of maturity in 2020/21 to 3.57 in 2021/22, which falls squarely within the "Conforming" category, characterised by there being a framework in place; that the framework is applied consistently across the organisation and where most processes are implemented. It is the view of the Head of Audit and Assurance that this is a fair reflection of the risk management maturity. GMFRS again was rated the most mature part of the organisation in respect of risk management, with a score of 4.69 (4.44 in 2020/21).

Greater Manchester Police (GMP), Transport for Greater Manchester (TfGM) and Greater Manchester Fire and Rescue Service (GMFRS) maintain their own risk management arrangements and risk registers are owned by the Chief Constable, Chief Executive of TfGM and Chief Fire Officer respectively. Risks from these registers are escalated to the GMCA risk register where appropriate.

4.3. Internal Control

The audit work undertaken during 2021/22 produced a mixed set of assurance opinions. In comparison to previous years, a greater proportion of audit reports resulted in substantial or reasonable assurance (64%) as opposed to limited assurance opinions (36%).

That being said, there were areas of core controls that were identified as requiring improvement. The accounts receivable audit identified weaknesses in the control environment, but management responded quickly and addressed the findings as a matter of priority. All the grant work certification work undertaken by Internal Audit in 2021 provides assurance that the required controls are in place to ensure grant conditions are met.

Implementation of audit actions has been consistent during the year, maintaining the good performance that had been made by the end of the previous year.

4.4. Internal Audit work performed

The Internal Audit Plan for 2021/22 was presented to and approved by the Audit Committee in June 2021.

A summary of the internal audit reports issued in 2021/22 is provided here:

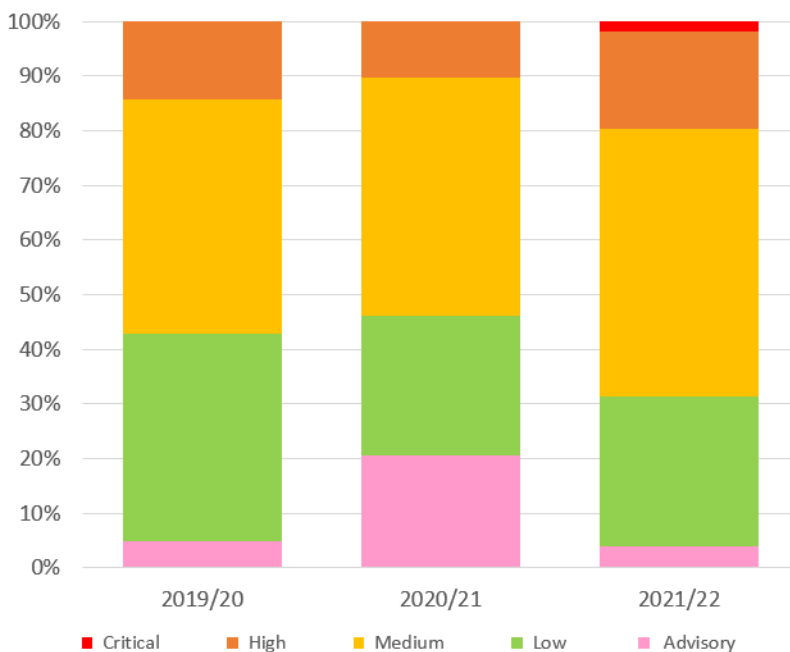
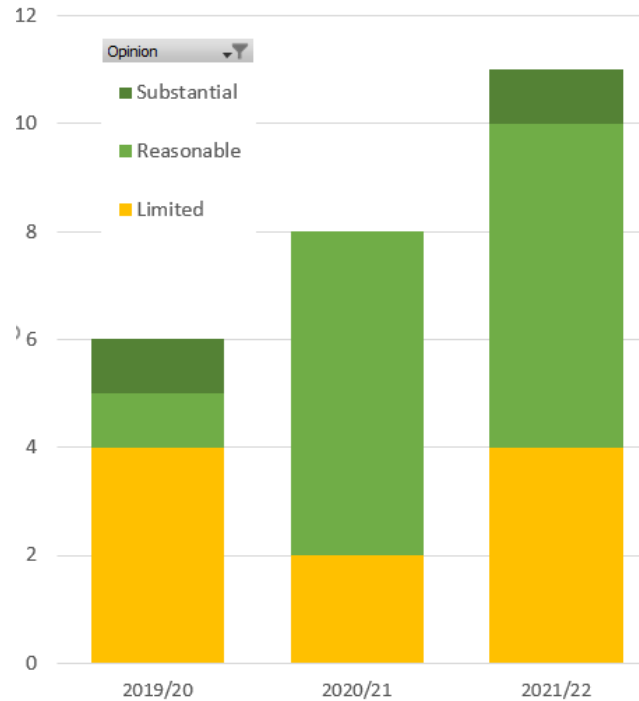
Assurance level	Governance	Risk	Internal Control
Substantial Assurance (9%) A sound framework of governance, risk management and/or internal control was found to be in place. Controls are designed effectively, operate consistently with no evidence of systemic control failures and no high or critical risk audit findings reported			
Fixed Assets Data Migration			✓
Reasonable Assurance (55%) Generally an appropriate framework for governance, risk management and/or internal control was found to be in place and controls are operating but there are areas for improvement in terms of design and/or consistent execution of controls.			
Programme and Project Governance	✓		
Loan Approval Decisions		✓	✓
Supporting Families			✓
Cyber Security		✓	✓
GMFRS 7(2)d Inspection Process		✓	✓
GMFRS Training and Continuing Professional Development*			✓
Limited Assurance (36%) Significant improvements are required in the governance, risk management and/or control environment. A number of medium and/or high-risk exceptions were reported during the audit that need to be addressed. There is a direct risk that organisational objectives will not be achieved.			
Accounts Receivable			✓
GMFRS - Stores			✓
Behavioural Policies	✓		✓
Estates Statutory Checks		✓	✓
No Assurance (0%) The framework for governance, risk management or the system of internal control is ineffective or is absent. 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.			
N/A			

* Report in draft at the time of developing this opinion.

Analysis of 2021/22 audit findings and audit opinions

There has been more internal audit work undertaken this year at GMCA than previous years.

The chart to the right shows the number of audit opinions issued along with the level of assurance they have provided.



In line with the greater amount of audit work undertaken, there have been more audit findings than in previous years, this is not unexpected.

However, analysing the proportion of those findings that are critical; high; medium; low or advisory shows that the overall risk profile of the findings in 21/22 has increased.

4.5. Grant certification work

A Summary of the grant certification work undertaken in 2021/22 is provided below:

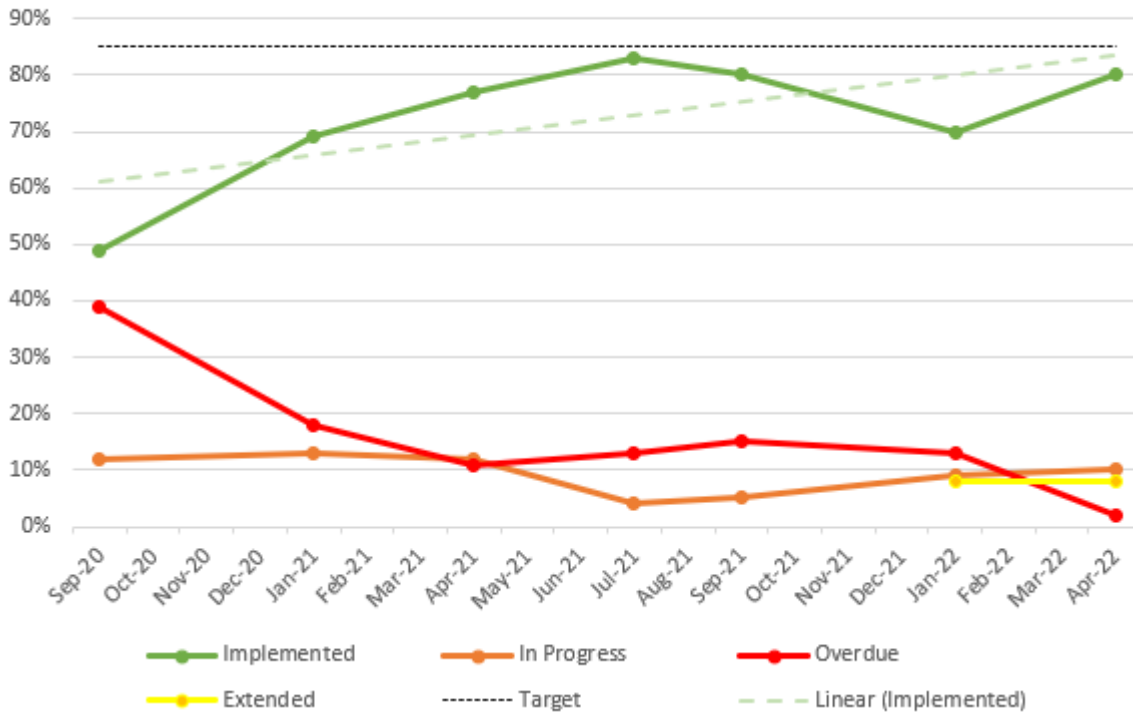
Grant	Amount certified	Assurance level
Growth Hub	£0.5m	Positive
Additional Home to School Transport	£5.1m	Positive
Peer Network Support 21-22	£0.1m	Positive
Brownfield Housing Fund	£16.3m	Positive
Emergency Active Travel Fund (Tranche 1)	£12.7m	Positive
Green Homes Grant	£2.8m	Positive
Local Energy Market	£0.3m	Positive

4.6. Implementation of audit actions

As part of PSIAS, we are required to consider the appropriateness of the organisation's response to the implementation of audit recommendations. GMCA Senior Leadership Team have responsibility ensuring the timely implementation of audit actions and the impact of risk. Internal Audit track and validate the implementation of audit actions and report regularly on this to management and Audit Committee.

At the end of March 2022, the audit action implementation rate was 80%. This represents significant improvement from a position of 49% when internal audit took over monitoring the actions in mid-2020/21. The target on-time implementation rate is 85% so there is still some scope for continued improvement. Internal Audit will continue to work with management to support further improvement. The chart below shows the performance of implementation of audit actions since internal audit took over responsibility for monitoring it.

Audit Action Implementation



4.7. Effectiveness of Internal Audit during the period

An external quality assessment (EQA) of the Internal Audit Function was undertaken in 2021/22. The conclusion would be that overall the service complies with PSIAS. Areas for improvement were identified and an action plan put in place to address those.

A further assessment of the effectiveness of the Internal Audit Function was undertaken at the end of the year by the Head of Audit and Assurance. The assessment considered:

- IA team structure and resourcing
- The extent of conformance with the PSIAS in producing quality work.
- Delivering audit work in the most appropriate areas on a prioritised (risk) basis.
- Audit Committee reporting
- Progress in implementing the actions arising from the EQA
- Implementation of Internal Audit recommendations

The assessment concluded that the internal audit Function is effective and has operated in compliance with PSIAS.

5. Other Sources of Assurance

5.1. GMCA - Data Security Protection Toolkit (DSPT) Submission 2021/22

The Data Security Protection Toolkit (DSPT) is a requirement of organisations who access health data. The assessment measures performance against the National Data Guardian’s 10 data security standards which are:

People	Process	Technology
Ensure staff are equipped to handle information respectfully and safely, according to the Caldicott Principles.	Ensure the organisation proactively prevents data security breaches and responds appropriately to incidents or near misses.	Ensure technology is secure and up to date.
1. All staff ensure that personal confidential data is handled, stored and transmitted securely, whether in electronic or paper form. Personal confidential data is only shared for lawful and appropriate purposes.	4. Personal confidential data is only accessible to staff who need it for their current role and access is removed as soon as it is no longer required. All access data to personal confidential data on IT systems can be attributed to individuals.	8. No unsupported operating systems, software or internet browsers are used within the IT estate.
2. All staff understand their responsibilities under the National Data Guardian's Data Security Standards including their obligation to handle information responsibly and their personal accountability for deliberate or avoidable breaches.	5. Processes are reviewed at least annually to identify and improve processes which have caused breaches or near misses, or which force staff to use workarounds which compromise data security.	9. A strategy is in place for protecting IT systems from cyber threats which is based on a proven cyber security framework such as Cyber Essentials. This is reviewed at least annually.
3. All staff complete appropriate annual data security training and pass a mandatory test, provided through the revised Information Governance Toolkit	6. Cyber attacks against services are identified and resisted and CareCERT security advice is responded to. Action is taken immediately following a data breach or a near miss, with a report made to senior management within 12 hours of detection.	10. IT suppliers are held accountable via contracts for protecting the personal confidential data they process and meeting the National Data Guardian's Data Security Standards.
	7. A continuity plan is in place to respond to threats to data security, including significant data breaches or near misses, and it is tested once a year as a minimum, with a report to senior management.	

The GMCA completes this self assessment as a way of readiness, to evidence the organisation is working to a national standard and providing assurances we have the proper measures in place to ensure that information is kept safe and secure.

This is an annual assessment and the GMCA has submitted a response for the previous 2 years, August 2020 and June 2021, successfully reaching a “standards met” outcome.

NHS Digital completed an audit to confirm this standard for the first submission in August 2020.

5.2. GMFRS - HMICFRS Inspections

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook an assessment of GMFRS in 2021/22. The assessment examined "the service's effectiveness, efficiency and how well it looks after its people". The purpose of the assessment is to give the public information about how their local fire and rescue service is performing in several important areas and how it compares to other Fire and Rescue Services across England.

The findings of the assessment were that GMFRS was rated "Good" in relation to looking after its people (an improvement from "requires improvement" in the previous assessment), at understanding fire and other risks and at responding to fires and other emergencies. It is also good at promoting its values throughout the organisation.

The report stated that GMFRS requires improvement in its effectiveness at keeping people safe, specifically in preventing fires and other risks, protecting the public through fire regulation and responding to major and multi-agency incidents. It also stated GMFRS requires improvement in making best use of its money.

A Cause of Concern was raised for how GMFRS responds to and trains staff for marauding terrorist attacks (MTAs) and 16 areas for improvement were also raised as part of the inspection. Two areas of innovative practice were also identified: an app to display operational flashcards and the introduction of the Freedom to Speak Up initiative.

The full inspection report and cause of concern progress letter can be found at: [Greater Manchester - HMICFRS \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/greater-manchester-fire-and-rescue-service/cause-of-concern-progress-letter) and [Greater Manchester Fire and Rescue Service: Cause of concern – progress letter - HMICFRS \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/greater-manchester-fire-and-rescue-service/cause-of-concern-progress-letter)

5.3. GMFRS - Operational Assurance Activity

Greater Manchester Fire and Rescue Service (GMFRS) maintains an Operational Assurance (OA) team to undertake proactive and reactive monitoring across a range of operationally focused activities. The OA Team are supported by an extended team of Area based Officers to deliver a wide range of operational assurance activities. The OA team has defined its responsibilities as:

- A service that provides an effective balance of support and 'independent check and challenge', that is aligned to the expected service standards; and ensures all systems and internal controls are fit for purpose.
- Embedding a learning culture in the Service that supports and encourages both individuals and the Service to increase knowledge, competence and performance levels on an ongoing basis to promote continuous improvement.
- A new assurance approach to focus on self-assessment and validation that encourages self-awareness, and ensures high standards are met and maintained.

This "second line" assurance is a valuable source of assurance for GMFRS over operational activities. The 2021/22 annual outturn report was obtained and reviewed by Internal Audit. It details the scope and results of the OA work undertaken during the year and provides another

source of assurance. A summary of the work undertaken, as detailed in the Operational Assurance Annual Outturn Report 2021-22 is as follows:

Capturing and reporting of safety critical events

All safety critical events are challenged and where possible rectified immediately. Incidents are recorded via the Active Monitoring System (AMS) highlighting a 'Safety Critical' event occurrence and create the associated individual learning point (ILP) and action plan. The safety critical events are monitored by the OA Team and also discussed at the Joint Health and Safety Committee. There were **43** AMS Action plans raised within the reporting year 2021/22 that have been deemed Safety Critical. This compares to **93** from the previous year 2020/21, a reduction of 55%.

Station Inspections

40 out of the 41 stations received a Station Inspection in 2021-22 with a number of action plans arising from those. The OA team review all inspections and moderate results, providing additional guidance to stations as required.

Breathing Apparatus data downloads and analysis

The OA Team completed **20** of the planned **20** Breathing Apparatus (BA) data downloads within the 12 month period, randomly selecting one operational BA set per station for data analysis. The results showed across the range of the 20 BA downloads analysed a correct completion rate of between **77% to 99%**, with 16 of the 20 tests achieving **over 90%**. During this period the number of safety critical events was 16. This is a significant increase as in the previous year there were 0 events. There is an ongoing review of policy in regard to this prior to a joint statement between GMFRS and FBU to advise staff of the requirements.

Incident Monitoring

In accordance with National Operational Guidance and the Fire and Rescue National Framework for England, the OA Team actively attends and monitors operational activity and complete incident monitoring reports. These are designed to assure the Service that emergency incidents are dealt with safely and in a effective manner. During the reporting period the OA core and extended team have completed **101** reports in the reporting year of 2021-22, which compares to and **82** reports in 2020-21 an increase of 18%.

Corporate exercises

Corporate Exercises provide the Service with assurance that the required range and quality of training exercises are being undertaken. OA Team members will attend Corporate Exercises to assure and support the processes and to enhance self-development.

A total of 10 Corporate exercises (10 appliances or more) were audited in 21/22, in accordance with the Annual Delivery Plan.

Operational debriefing

Hot and formal debriefs are undertaken by each area and borough after incidents. Strategic debriefs are instigated following larger incidents, generally incidents involving a major incident, incidents involving eight pumps and above or unusual or protracted incidents.

They are arranged and facilitated by the OA Team and chaired by a Principal Officer. Incident Commanders along with functional officers are invited to formally discuss the incident in a constructive, supportive and confidential environment.

The debrief follows the nationally recognised 'structured debrief model', promoted as best practice by the College of Policing and Fire and Rescue guidance for National Operational Learning, that aims to highlight what went well, what did not go well and what can we learn.

During this reporting period OA have planned and facilitated **5** strategic debriefs for the year 2021-22. The debriefs produced **45** individual recommendations which were uploaded to AMS with action plans allocated.

Fatal and possible fatal and "2 in 24" incidents

26 fatal or possible fatal incidents have been attended and subsequent 'OA1' reports completed by OA Officers in 2021-22. This compares to **23** the previous reporting year and 29 in 2019/20.

Five "2 calls in 24 hours" investigations have been reported in 2021-22. Fatal and possible fatal (OA1) reports and "2 in 24" reports have been quality assured by the GMOA to ensure any issues relating to operational response or performance is offered for consideration to senior management.

Appendix A – Annual Opinion Types

The table below sets out the four types of annual opinion that the Head of Internal Audit considers, along with an indication of the characteristics for each type of opinion. The Head of Internal Audit will apply judgement when determining the appropriate opinion so the guide given below is indicative rather than definitive.

Opinion	Description	Indicators
Substantial	There is a sound system of governance, risk management and internal control in place. Internal controls are designed to achieve the system objectives and controls tested during the course of internal audit work were being consistently applied.	<ul style="list-style-type: none"> • Through internal audit work undertaken and/or other sources of assurance the arrangements for governance and risk management were deemed to be robust and consistently applied. • No individual assignment reports were rated as “No Assurance” • No critical or high risk rated findings were identified • A limited number of medium and low risk rated findings were identified within the audit work undertaken and were isolated to specific instances. • Management demonstrate good progress in the implementation of previous audit actions
Moderate	Whilst there is an established system of governance, risk management and internal control in place, there are weaknesses, which put some of the system objectives at risk.	<ul style="list-style-type: none"> • The number of internal audit reports rated as “Limited Assurance” does not outweigh those with “Reasonable”, “Substantial” Assurance • Assurance over systems of control that are pervasive across the organisation (for example corporate functions) was generally positive (ie reasonable or substantial assurance opinions). • Frameworks for governance and risk management are in place and generally operating effectively • No critical risk rated findings were identified in the audit work undertaken • Any high risk rated findings were isolated to specific activities and were implemented in line with agreed timescales • Medium risk rated findings do not indicate a systemic or pervasive weakness in

		<p>governance, risk management or internal control</p> <ul style="list-style-type: none"> • Management demonstrate reasonable progress in the implementation of previous audit actions.
Limited	<p>a) <u>Limited by volume</u></p> <p>Internal Audit undertook a limited number of audits. The work undertaken combined with other sources of assurance considered the arrangements for governance, risk management and control over a number of key corporate risks.</p>	<ul style="list-style-type: none"> • No individual assignment reports were rated as “No Assurance” • No critical risk findings were identified • Work undertaken covered a range of the key risks within the organisation • Any major or significant risk rated findings were isolated to specific activities and were implemented in line with agreed timescales
	<p>b) <u>Limited by results</u></p> <p>There are gaps in the arrangements for governance and risk management and/or those arrangements have not been applied consistently and robustly through the year</p> <p>and/or</p> <p>Control environment is not effectively designed and/or the level of non-compliance with internal controls puts the systems objectives at risk.</p>	<ul style="list-style-type: none"> • The number of internal audit reports rated as “Limited” or “No Assurance” outweighs those rated as “Reasonable” or “Substantial”. • Critical and High risk findings were identified in the audit work undertaken • Internal Audit findings indicated that improvements were needed to the design and/or operating effectiveness of the wider frameworks of governance and/or risk management • No more than two critical risk findings were identified and they were in relation to specific activities as opposed to indicating systemic failures and were rectified quickly. • Management do not demonstrate good performance in implementing audit actions.
No Assurance	<p>The arrangements for governance, risk management and internal control is generally weak, leaving the system open to significant error or abuse and/or</p>	<ul style="list-style-type: none"> • Audit reports are generally rated as “Limited” or “No” assurance. • Findings rated Critical and High outweigh those rated as Medium or Low. • Audit findings indicate systemic non-adherence to control procedures, indicating a poor control environment.

	<p>Significant non-compliance with basic controls leaves the system open to error or abuse.</p>	<ul style="list-style-type: none">• Frameworks for governance and risk management are not in place• Audit actions are consistently not implemented in line with agreed timescales.
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Appendix B

Below are the definitions of the assurance opinions used by Internal Audit. These opinion ratings have been defined for the GMCA Internal Audit and are consistent with the recommended definitions for engagement opinions published by CIPFA in April 2020.

	DESCRIPTION	DESCRIPTION
	SUBSTANTIAL ASSURANCE	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	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	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	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.