

GMCA Audit Committee

Date: 19 October 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 Q2 2022/23. 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:

Sarah Horseman, Head of Audit and Assurance - GMCA,
sarah.horseman@greatermanchester-ca.gov.uk

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.

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 July 2022, we have issued two audit reports and certified four grants. The Executive Summaries from these reports are appended to this report. There are also two draft reports issued which require agreement with Management, prior to publication.
- 2.2 **Mandatory Firefighter Training and Continuous Professional Development (b/f):** We provided a **Reasonable Assurance** opinion over the systems and process for the management and monitoring of Firefighter Training and CPD. Our audit noted some areas for improvement in the organisation's approach to the recording and reporting on completion of Maintenance of Competence (MoC) training and CPD with areas for improvement noted around data quality and ongoing system interface issues between the LMS, Skills Matrix and the performance portal. Our report made three recommendations for improvement.
- 2.3 **Public Sector Decarbonisation Grant 2020/21 (Phase 1) Section 31 31/5353:** This grant was used across the Greater Manchester Public Estate for a variety of low carbon retrofit schemes including Heat Pumps, BEMS, Insulation, LED Lighting and Solar PV. This major project was delivered within the extended timeframe and we provided a signed grant certification to BEIS and Salix Finance Ltd to support the sign off of this £78.2m grant. Our Internal Audit Report made several observations to be taken into consideration in the delivery of the next phase of the PSDS programme.

2.4 **Grant Certifications** – Four grants were certified during the period with a further one nearing completion.

- **Brownfield Housing Fund Grant 2021/22 (Section 31) £ 31/6020 & 31/5706 £49.2m.** A written certification of compliance was sent to DHULC in August 2022.
- **Public Sector Decarbonisation Grant (Phase 1) 2020/21 31/5353 £78.2m.** A written certification was sent to BEIS in August 2022.
- **Peer Networks Grant – Annual Sign Off 2021/22 £607k** – A written certification to support this claim was provided in August 2022.
- **Local Transport Capital Block Funding (Pothole Fund) Specific Grant Determination 2021/22 31/5506 £15.5m.** A written certification was sent to Department for Transport in October 2022.

3 Internal Audit work in progress 2022/23

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

Planning Stage	
Waste Estates Management	Planning is underway for this audit.
GM One Network	Initial planning discussions have taken place to develop the scope and approach to this audit.

Fieldwork Stage	
Budgetary Control Processes	Fieldwork is nearing completion on this audit.
Performance Management and Reporting Framework (Follow Up Review)	Fieldwork has commenced on this audit.
Adult Education Budget – Provider Contract Monitoring	Fieldwork is underway on this audit.

City Deal Grant Certification 31/5675 £22.3m	Certification is underway on this grant.
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Reporting Stage	
GMFRS Maintenance and Testing of Operational Equipment	A draft report was issued to management in October 2022.
Treasury Management	A draft report was issued to management in October 2022.

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 All planned ICT audit work will be deferred to quarter 4 as a tender exercise is underway to appoint an IT audit provider. Other than rescheduling the timing of planned work, we are not proposing any changes to the plan at this time, however we will keep the plan under close review.
- 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** – There were no new whistleblowing reports received during the period. One whistleblowing investigation has been completed and is at the reporting stage.
- 5.3 **Anti-Fraud Policies** presented to Audit Committee in July are being published on the GMCA intranet pages during October 2022 alongside fraud awareness guidance and e-learning training which will be accessible to staff.

- 5.4 **National Fraud Initiative (NFI) 2022/23** - Datasets for Payroll, Pensions and trade Creditors will be uploaded during October in readiness for this data matching exercise.

6 Internal Audit Performance and Development

Internal Audit Improvement Plan

- 6.1 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	July - Sept22 (Qtr2)	Trend	Comments
Delivery of 2022/23 audit plan	1	Completion of 2022/23 audit plan	100% by year end	31%	↔	One audit and four grant certifications from the 2022/23 plan. (Includes draft reports issued)
	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%	83%	↑	Slight improvement in audit action implementation rate since July 2022.
	5	Historic open audit actions	0	1	↔	There remains one historic audit actions relating to VAT treatment of employee expenses.
Internal Audit	6	Audit process	80%			No feedback responses have been received this quarter to measure this KPI.

	7	Customer satisfaction	80%		
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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
Mandatory Firefighter Training and CPD (b/f)	Reasonable			3				✓	
Grant Funding Management and Reporting	Reasonable	We made no recommendations in this audit.					✓	✓	✓
Public Sector Decarbonisation (Phase 1) Summary Report	Positive					1	✓	✓	

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

Public Sector Decarbonisation Scheme – Phase1 (Section 31) 31/3535	Positive	✓	✓	
Local Transport Capital Block Funding (Pothole Fund) Specific Grant Determination (2021/22) (Section 31) 31/5506	Positive	✓		
Brownfield Housing Fund Grant 2021/22 (Section 31) £ 31/6020 & 31/5706 £49.2m	Positive	✓		
City Deal	TBC	✓		

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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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
Corporate Services	Grants	Public Sector Decarbonisation	Q1	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Peer Networks Grant – Annual Sign Off	Q2	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Brownfield Housing Fund Grant	Q1	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Local Transport Capital Block	Q2	-	●	●	●	●	October 2022	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
		Funding (Pothole Fund)								
ICT	Governance	ICT Audit Needs Assessment (External)	Q1	2	○	○	○	○		Out to Tender (defer to Q4)
Corporate Services	Finance	Budgetary Control	Q2	30	●	●	○	○		Fieldwork Stage
Corporate Services	Finance	Treasury Management	Q2	20	●	●	●	○		Draft Report
GMFRS	Front Line Services	Maintenance and Testing of Operational Equipment	Q2	20	●	●	●	○		Draft Report
Waste	Assets	Waste Estates Management	Q2	15	●	○	○	○		Scoping
Environment	TBC	Capital Programme 'Deep Dive'	Q2	25	○	○	○	○		To consider merging with GM One Network

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Governance	Performance Management (Follow Up)	Q2	15	●	●	○	○		Fieldwork Started
Education, Work and Skills	Contracts	AEB	Q2	20	●	●	○	○		Fieldwork Started
Corporate Services	Finance	BWO Access Rights	Q3	20	○	○	○	○		Under review
ICT	Application management	User Acceptance Testing (External)	Q3	2	○	○	○	○		Out to Tender (defer to Q4)
Corporate Services	Procurement and Contracting	Commercial	Q3	20	○	○	○	○		
ICT	Information Systems	GM One	Q3	20	●	○	○	○		Scoping
People Services	Compliance	Investigation Processes	Q3	25	○	○	○	○		
ICT	Assets	IT Asset Management (External)	Q3	2	○	○	○	○		Out to Tender (defer to Q4)
Corporate Services	Finance	Non-AR Income	Q3	20	○	○	○	○		

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
GMFRS	Front Line Services	Safeguarding and DBS	Q3	20	○	○	○	○		
GMFRS	Front Line Services	Station Standards Framework	Q3	20	○	○	○	○		
Public Sector Reform	Compliance	Supporting Families Programme	Q3	10	●	○	○	○		Scoping
Governance and Scrutiny	Information Governance	CCTV	Q4	20	○	○	○	○		
Core Investment Team	Loans and Investments	External Loans	Q4	20	○	○	○	○		
GMFRS	Prevention and Protection	Road Safety Partnership	Q4	20	○	○	○	○		
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
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

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.

Audit Area	Audit	Timing	Days	Change requested	Rationale	Approved by Audit Committee
ICT	ICT Audit Needs Assessment (External)	Q1	2	Defer to Q4	Tender exercise ongoing to appoint an audit provider.	
	User Acceptance Testing (External)	Q3	2			
	IT Asset Management (External)	Q3	2			

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	On hold – capacity of the team
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	On hold – capacity of the team

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	On hold – capacity of the team
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. For consideration in future budget setting exercises.

Appendix E – PUBLIC SECTOR DECARBONISATION GRANT 2020/21



Internal Audit – Grant Certification - PSDS

To: Murray Carr, Director of Land and Property; Martin Lawton, PSDS Programme Manager

From: Damian Jarvis, Audit Manager; Jessica Jordan Principal Auditor

CC: Eamonn Boylan, Chief Executive; Andrew Lightfoot, Deputy Chief Executive; Liz Treacy, GMCA Solicitor and Monitoring Officer; Andrew McIntosh, Director Place; Mazars, External Auditor; and the Chair and Members of the Audit Committee (Executive Summary Only)

Subject: Public Sector Decarbonisation Scheme Phase 1 (2020-21) – Section 31 Grant 31/5353

Date: 23 August 2022

1. Introduction

- 1.1 Greater Manchester Combined Authority (GMCA) is the accountable body for funding awarded under Phase 1 of the Public Sector Decarbonisation Scheme (PSDS) Section 31 Grant.
- 1.2 The Authority received capital funding of £78,236,986 paid in February 2021, to be used across the Greater Manchester Public Estate for a variety of low carbon retrofit schemes including Heat Pumps, BEMS, Insulation, LED Lighting and Solar PV.
- 1.3 Under the terms of the grant, projects were originally expected to be completed by 30 September 2021, this was subsequently extended to 31 March 2022. A further discretionary extension period up to, but no later than 30 June 2022 was granted to allow projects already underway which could not be completed by 31 March 2022.
- 1.4 There is a requirement for GMCA to certify to the Department for Business, Energy, and Industrial Strategy (BEIS) by the 30 June 2022 that funds have been spent in compliance with grant conditions.
- 1.5 This report provides the outcome of this grant certification.

2. Audit Objective and Scope

- 2.1 To support the GMCA's certification to BEIS, we sought assurance from Audit Teams within recipient Partner Organisations, the completion of a signed certificate of compliance to confirm that funds have been spent in accordance with the conditions set out in the Grant Offer letter and Memorandum of Understanding.

- 2.2 This included funding allocated to GMCA and 15 individual Partner Organisations including 10 GM Districts, TfGM, GMP, Manchester Foundation Trust (MFT), Manchester College and Royal Northern College of Music
- 2.3 Each Partner Organisation's certified opinion was required to include the following conformance checks:
- i) Identify all schemes financed by this funding and reconcile figures shown in the GMCA allocation for PSDS Phase 1 to those held locally by the project team.
 - ii) Confirm the agreed funding allocations for each capital scheme,
 - iii) Confirm the total budgeted cost for each capital scheme,
 - iv) Confirm the actual expenditure incurred to date on the scheme and any underspend on funding received as at the 31 March 2022,
 - v) Confirm any outstanding projects which are not complete but are due to complete by the 30 June 2022, confirm that the projects are still expected to complete by the 30 June and that the forecast spend is in line with scheme allocations; and
 - vi) Select a sample of scheme payments and supporting documentation and confirm funding solely financed eligible capital expenditure, it was correctly recorded against a capital budget cost centre code; and that the nature of spend was in accordance with Certification letter conditions.
- 2.4 In parallel to our certification work, Salix Finance indicated they will be conducting their own end of programme audit validation work which will commence in September 2022. Partner Organisations were in the process of completing a statement of expenditure and uploading evidence into Huddle system to allow this work to be completed.
- 2.5 We understand one of the key monitoring criteria for the programme is £/tonne of carbon savings. We have not reviewed any calculations in relation to this performance measure.

3. Audit Approach

- 3.1 Discussions were held with GMCA Project Delivery Team and GMCA Finance Team
- 3.2 Certification instructions were sent to Heads of Audit at each of the funding recipients for completion by 31 May 2022.
- 3.3 We were provided with access to project files in the Project 'mothership' spreadsheet and attended some project progress meetings.

Limitations

- 3.4 GMCA Internal Audit did not carry out its own testing of partner expenditure. The report places reliance on the work undertaken by individual Audit Teams and the assurances received following the conclusion of their work.

- 3.5 All audit teams undertook work on a sample basis set at a level relevant to their own view of the risk profile of the individual schemes to be examined.
- 3.6 We did not receive a certification from Bolton Council which had allocated funding of £4.2m.
- 3.7 Information provided by Partners was compiled in advance of the 30 June 2022 deadline and as such does not reflect the final outturn and claim figures and any changes to schemes which may have taken place after the completion of audit work.
- 3.8 An In-cycle technical audit was undertaken by Salix Technical Team during March 2022. The outcome and findings from this work was reported to GMCA in June 2022.

4. Audit Opinion

- 4.1 We provided a signed certification to BEIS and Salix Finance Ltd to confirm that conditions stated in the grant award letter attached to Public Sector Decarbonisation Scheme Phase 1 have been complied with (**Appendix 1**).
- 4.2 The PSDS project team confirmed the final Statement of Expenditure figures for PSDS Scheme as:

Final Scheme Figures	
Grant	£78,236,986
Confirmed and drawn down	£76,735,574
Underspend	£1,501,412 -1.91%

*These figures are subject to validation by Salix and were adjusted to take into account an overstatement of expenditure by one Partner

- 4.3 This has been a major project and credit must be given to the PSDS project team for delivering this within the extended timeframe with minimal underspend. Throughout the project, there have been frequent discussions with the Salix Delivery Team to help keep abreast of changes and reporting on scheme completion and financial forecasts.
- 4.4 We do however make the following observations that should be taken into consideration in the delivery of the next phase of PSDS programme. Whilst these have not prevented us from providing the written certification, these areas should be considered as part of a formal lessons learnt review:
 - 50% of the total value of the grant was forecast to be spent in the discretionary extension period up to 30 June 2022.
 - There was significant challenge in getting Partners up and running following feasibility studies, design, procurement, and scope of works. The initial Partner agreements to meet grant completion timeframes for spend was unrealistic.

- There was a significant amount of change in scope from original bid proposals submitted by Partners. This may be due to the tight timescales and quality and depth of feasibility studies undertaken.
- Not all contracts awarded by Partners were subject to competitive processes and as such may not reflect value for money.
- There was limited if any physical inspection or oversight by the GMCA project team on completion of works by Partners. This was largely due to resources and time.
- The Huddle system used to manage project documentation was not kept up to date, resulting in considerable effort in the later stages of the project to upload documents, invoices and change control information. The Project Team should ensure that expectations over uploading of evidence is clearly set as Salix Delivery Team will rely on this written documentation as evidence when completing their interim and end of programme audits.

5. Management Response

- 5.1 The following response to the report was provided by Martin Lawton, PDS Programme Manager.
- 5.2 The team have noted and agree with the Audit opinion provided by the Internal Audit team and wish to note that:
 - it is the Project Teams understanding that this was the first time that Salix Finance had undertaken a grant programme of this scale and that GMCA was the largest single recipient of the funding pot, delivered through a Section 31 grant mechanism.
 - Due to the significant volume of capital being deployed to the market in a single action the availability of skills in the supply chain was somewhat constrained – this was shown through the procurement activity of a number of partners.
 - The pace and quality of the first feasibility studies prepared as part of the bid were somewhat lacking and resulted in a significant amount of project churn – some £25m of original planned works was not found to be deliverable and was substituted with Salix agreement mid-flight of the programme, putting the teams under significant pressure to meet the shifting Salix deadlines.
 - The moving deadlines meant some excellent quality projects were removed as they were not deliverable in the original timescale but could have been delivered within the extended timeline that Salix gave mid-way through.
 - Clients and partners due to the nature of the programme scope were in a “learning by doing” situation in some cases and gaps in partner ability were clear.

INTERNAL AUDIT REPORT

Mandatory Firefighter Training and CPD

FINAL

Based on the audit work performed, this audit has been classified as REASONABLE ASSURANCE.	REASONABLE ASSURANCE
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Reference: Q42021/22

Draft Report Issued: 20 July 2022

Final Report Issued: 29 September 2022

Audit Sponsor: Val Hussain, Head of Training Delivery

Lead Auditor: Stuart Richardson

EXECUTIVE SUMMARY

1. Background and Context

- 1.1 An audit of Firefighter Continuous Professional Development (CPD) and Training was included in the 2021/22 Internal Audit Plan as it was identified a key priority development area for GMFRS.
- 1.2 As part of the HMICFRS review issued in 2021/22 relating to 'Effectiveness, efficiency and people', areas for improvement were noted in 2018/19 around workforce planning ensuring that staff have the required skills and capabilities and the approach to learning and improvement.
- 1.3 Whilst the service has made improvements on these areas as noted in the HMICFRS report, work over this area is in progress and further independent scrutiny was requested around the operational training strategy, with regards to ensuring that key competencies are achieved for operational training, firefighters rising through the ranks and that CPD and training is structured and recorded appropriately to meet the current and future needs of the service.
- 1.4 In the past 12 months, a new skills matrix system has been implemented which provides performance reports for Maintenance of Competence (MoC) training and GMFRS are in the process of developing a skills matrix for performance against the operational training strategy. Training performance is reported to the Performance Board. GMFRS currently uses the Cornerstone Learner Management System (LMS).

2. Audit objective and scope

- 2.1 The objective of this audit was to provide assurance that requirements for firefighter training are being met to ensure that key competencies and training requirements are completed to ensure the service is delivered safely and effectively. We also considered the recording of firefighter CPD as part of this audit.
- 2.2 The scope encompassed:
 - (i) Review of the processes and controls in place to ensure all that all firefighters undertake the necessary training and development to maintain their core competencies (Maintenance of Competence, "MoC") as well as develop to enable future progression- including all statutory requirements.
 - (ii) Review records of training and CPD to ensure that these are accurately logged and retained.
 - (iii) Assess the current budgets and costings for training and determine whether value for money is achieved.
 - (iv) Assess the current capacity of staff to complete required training and whether this is sufficient to meet the service's needs for learning and development.
 - (v) a high-level review of the current LMS and technology infrastructure in place and assess whether this currently meets the service needs, is effective in ensuring that required training is delivered to staff and future proofed.

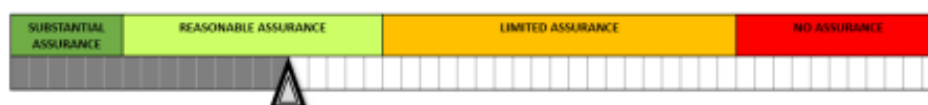
- (vi) Review the current arrangements for monitoring and reporting of performance against targets, to ensure information produced is complete and accurate, reported at an appropriate level and that underperformance against targets is monitored and addressed through this process.

Limitations:

- 2.3 During our audit we were informed that a separate externally commissioned independent review of Operational Training was being undertaken. As such the extent of our work was reduced to avoid any unnecessary duplication.
- 2.4 The audit was conducted on a sample basis, which does not give absolute assurance that the entire population is free from error.
- 2.5 Whilst we reviewed reporting of MoC completion rates provided to form an opinion on the design and effectiveness of controls over this area, we are not responsible for ensuring that this is accurate; this is the responsibility of individual stakeholders.
- 2.6 The audit considered training for uniformed staff only. It covered Maintenance of Competence training and CPD. In this context, CPD refers to training completed above and beyond basic competencies covered through MoC training. This audit did not consider firefighter apprenticeships.
- 2.7 The HMICFRS 'Cause for concern' progress letter dated 15th December 2021 refers to GMFRS's requirement to have its own Marauding Terrorist Attack (MTA) response following the inspection in April and May 2021.
- 2.8 On 5th April 2022, GMFRS reached an agreement with the Fire Brigades' Union (FBU) in relation to GMFRS's MTA capability. Prior to this, MTA training had not been delivered in response to the HMICFRS recommendation as it was not felt that the training was appropriate in its previous iteration. Following the agreement with the FBU, GMFRS committed to delivering practical training to operational colleagues.
- 2.9 As of the time of the conclusion of the audit, the MTA project team were working to implement GMFRS's new MTA capability. Therefore, we have been unable to consider the appropriateness and effectiveness of the training through our work.

3. Audit Opinion

- 3.1 We provide **Reasonable Assurance** over the systems and process for the management and monitoring of Firefighter Training and CPD. Our audit noted some areas for improvement in the organisation's approach to the recording and reporting on completion of MoC training and CPD with areas for improvement noted around data quality and ongoing system interface issues between the LMS, Skills Matrix and the performance portal.
- 3.2 MoC training KPI completion targets have not been consistently met, but this primarily related to how this metric was being calculated rather than any systemic non-completion of mandatory training.
- 3.3 Whilst the controls over MoC training completion are designed effectively and positive feedback has been received around the use of LMS as an effective platform for delivery, there are issues relating to CPD and how this links to firefighter promotion pathways and succession planning.
- 3.4 Management are already progressing actions on the above issues. Draft policies have been produced including the Leadership Development Framework and Promotion Pathway Framework. At the time of the audit these policies were not in place but subsequently the Promotion Pathway Framework was launched on 11th July 2022. The system interface issues have been raised with the respective software providers, but these remain unresolved. We are aware that the KPI used for MoC completion performance reporting is currently under consideration.



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	No clear policy implemented around Promotion or Progression	MEDIUM	<p>To launch and implement the Promotions Framework.</p> <p>Introduce a mechanism to formally and objectively identify high potential individuals through the PRA process.</p> <p>Continue to develop the People Strategy, ensuring that this is aligned to key areas of the NFCC's People Strategy to facilitate collaboration between stakeholders and achieve</p>	October 2022

			GMFRS's strategic objectives and priorities	
2	CPD is not consistently recorded or explicitly linked to progression	MEDIUM	<p>Review and update the CPD Policy and Procedure as necessary to ensure it is up to date and reflective of the current roles, responsibilities, and processes.</p> <p>Consider how existing systems and/or PRA processes can be used to improve the consistency and accuracy of CPD records and governance over this area.</p> <p>Link completion of CPD to a promotion/progression framework to ensure CPD is given appropriate prominence.</p>	March 2023
3	MoC KPI measurement and Data Quality Issues	MEDIUM	<p>Review the calculation of the MoC 3, 6 and 12 metrics to ensure they are based on a percentage of the available workforce.</p> <p>Work with systems providers to resolve the system issues and enable effective interfacing to ensure that performance reporting includes, complete, accurate and consistent information.</p> <p>Ensure that systems issues are resolved prior to the implementation of Skills Matrix 2.</p>	December 2022

5. Organisational implications

- 5.1 The GMFRS Corporate Risk Register includes several operational and workforce related risks where mitigations are linked to organisational training provision and competencies. These include RR25 Safeguarding Arrangements; RR43 Site Specific Risk Information; RR1 GM High Rise and Building Safety, RR29 Significant Events; and RRS Organisational Resources and Skills.
- 5.2 There are areas of improvement identified in this report which align to those identified in the HMICFRS inspection, such as managing performance and developing leaders, and the promotion process.
- 5.3 Whilst there are a number of strategic objectives and policies across different areas, closer collaboration between respective teams (Talent and Resourcing, Training and Delivery team; and Learning and Development team) would ensure that activities are more closely coordinated and shared priorities and plans are aligned, as this was not evident.
- 5.4 It is our understanding that there is not a 'People Strategy' currently in place which informs and supports the facilitation of partnership between different areas to deliver the services key priorities and commitment outlined in the Fire Plan 2021-2025 and the Annual Delivery Plan.

6. Management Response

- 6.1 *As Head of Training for GMFRS, I say with confidence that this report accurately reflects the position of the training function in the areas of focus. The report has highlighted a number of areas that needs to be addressed, but also confirms that GMFRS has responded effectively to concerns raised and reported from the last HMICFRS inspection and is in a good position in many areas.*
- 6.2 *An action plan from this report has been created with responsible persons allocated to address those actions, but as Head of Training, I accept full accountability to ensure those actions are implemented.*
- 6.3 *It is the desire of the Training management team to constantly improve the training function, including evidencing how we do this. This report contributes to this desire and has been welcomed by the management team.*