

GMCA Audit Committee

Date: 25 January 2023

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 Q3 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

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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.

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 October 2022, we have issued five audit reports (one at draft report stage) and certified three grants. The Executive Summaries from the published audits are appended to this report.
- 2.2 **Budgetary Control:** We provided a **Reasonable Assurance opinion** on the overall budgetary control process operating within GMCA. Budgets are set and formally approved, and cost centres are regularly managed and monitored against budgets, with quarterly budget reports provided to the GMCA Board. Our report identified four

areas for improved control relating to procedures for managing and monitoring Capital programme budgets; the level of financial oversight provided by the Senior Leadership Team; and improved training and guidance for Directorate staff involved in financial management.

- 2.3 **Treasury Management:** We provided a **Reasonable Assurance opinion** over the Authority's arrangements for Treasury Management following the establishment of the in-house function from 1 April 2022. Our review of the design of the control framework identified that key controls were in place to manage treasury management activities and provided for segregation of duties in transactions and bank reconciliations and these controls were found to be operating effectively.
- 2.4 The Treasury Management function remains a development area for the Finance team and the key operational risks identified in the risk register need to be kept under review to ensure the function delivers a financially beneficial strategy to secure the best possible returns from investing cash funds, to avoid any adverse impact on the funding and delivery of services.
- 2.5 **Maintenance and Testing of Operational Equipment (GMFRS):** We provided a **Limited Assurance opinion** over controls in place for the maintenance and testing of operational equipment. This opinion was substantially driven by difficulty in linking individual physical assets to corresponding maintenance records to evidence compliance. General on-Station compliance with maintenance routines was found to be high and staff showed good understanding of the requirements for maintenance testing. Improvements are required to the systems and processes that underpin the whole programme of inspection, maintenance, and testing. We understand that a project to identify and implement a new asset tracking system for the service is in progress and in the longer term this will address most of the issues found in this audit. The agreed actions therefore focus on shorter term improvement measures prior to implementation of any new system

2.6 **Performance Management and Reporting:** We provided a **Reasonable Assurance opinion** over the policy, procedure and processes which underpins the GMCA Performance Management and Reporting Framework. Since our last report in 2020, the organisation has made good progress in establishing a formal mechanism for reporting on progress at Greater Manchester Strategy (GMS) level and GMCA Business Plan level which was the key action from our previous audit. Given that the process is relatively new it was difficult to draw a full conclusion on the overall effectiveness of the performance framework as the process is still evolving and the organisation seeks to refine the structure and content of the corporate plan and business plan for 2023/24.

2.7 We made four recommendations for improved control and these will be considered by Management as part of the Directorate input and development of the 2023/24 Business Plan and staff engagement session.

2.8 **Grant Certifications** – Three grants were certified during the period with a further one ongoing.

- **Green Homes Grant Phase 1b 31/5336.** A written certification was issued in November 2022.
- **Green Homes Grant Phase 2 20/21 31/5337.** A written certification was issued in December 2022.
- **LOCAL TRANSPORT CAPITAL BLOCK FUNDING (CITY DEALS FUND) £22.3m 31/5675.** A written certification of compliance was issued to DfT in December 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	
Road Safety Partnership	Planning discussions underway for a joint review in conjunction with TfGM and GMP.
Supporting Families Framework	Terms of reference agreed with work due to commence in February 2023 in conjunction with the 10 GM Districts.
Non-AR Income	Planning is underway for these audits.
Safeguarding and DBS	
CCTV	

Fieldwork Stage	
Brownfield Housing Fund Grant	Initial discussions and assessment has taken place to facilitate the sign off of this grant in March 2023
Waste Estates Management	Fieldwork has commenced on these audits.
Use of Contractors and Temporary Staff	
GM One Network	

Reporting Stage	
Adult Education Budget – Provider Contract Monitoring	A draft report has been issued and we are awaiting a management response prior to finalisation.

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 Other than rescheduling the timing of planned work, we are not proposing any major changes to the plan at this time. There are several audits which are under review with Management and whilst at this stage we aim to complete the majority of planned work it is likely that some audits will be descope or may extend into quarter 1 2023/24.
- 4.3 We are pleased to report that we have recently concluded a procurement exercise to engage an IT Audit provider to complete planned IT/IS related audit work across GMCA/TfGM and GMP. Introductory meetings have taken place and we will work with the provider to schedule the delivery of this audit work across the three organisations. We aim to commission at least one IT audit at GMCA before the end of the financial year.
- 4.4 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 by Internal Audit during the period.

5.3 **Anti-Fraud Policies** presented to Audit Committee in July have been published on the GMCA intranet pages and made available to staff. Fraud awareness guidance and e-learning training will also be accessible to staff. The GMCA Whistleblowing Policy has been reviewed and refreshed and will be recommended for approval by the GMCA Standards Committee on 10th February 2023. There have been no significant changes to the Policy.

5.4 **National Fraud Initiative (NFI) 2022/23** - Datasets for Payroll, Pensions and trade Creditors were uploaded in line with the timetable and we are awaiting the results of this data matching exercise which are due to be released in January 2023.

5.5 We have held a round of quarterly engagement discussions with Directors to understand emerging risks/issues and help inform audit planning for 2023/24.

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	Oct 22 – Dec 22 (Qtr3)	Trend	Comments

Delivery of 2022/23 audit plan	1	Completion of 2022/23 audit plan	100% by year end	45%	↔	Includes fifteen completed audits (inc grant certifications) from the 2022/23 plan. (figures include draft reports issued)
	2a	Elapsed time of audits (fieldwork to draft report)	<3 months	12.5%	↓	Completed within timescales (not including grants)
	2b	Elapsed time of audits (draft report to final)	< 1 month	25%	↓	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%	73%	↓	Slight reduction in audit action implementation rate since October 2022.
	5	Historic open audit actions	0	1	↔	There remains one historic audit actions 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%			

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	✓	✓	-
Budgetary Control	Reasonable	-	-	3	1	-	✓	✓	-

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
Treasury Management	Reasonable	-	-	3	2	-	✓	-	-
GMFRS Maintenance and Testing of Operational Equipment	Limited	-	4	-	-	-	-	✓	-
GMCA Performance Management and Reporting – Follow Up	Reasonable	-	-	4	-	-	✓	-	✓
Adult Education Budget – Provider Contract Management (DRAFT)	Reasonable	-	-	1	2	-	✓	-	-

Grant Certifications				
BEIS Growth Hub Funding 2021/22	Positive	✓		
Peer Networks March 2022 Claim	Positive	✓		
Peer Networks Grant – Annual Sign Off 2021/22 £607k	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	✓		
LOCAL TRANSPORT CAPITAL BLOCK FUNDING (CITY DEALS FUND) £22.3m 31/5675.	Positive	✓		
Green Homes Grant Phase 1b 31/5336	Positive	✓		
Green Homes Grant Phase 2 20/21 31/5337	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	<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 	5

	<ul style="list-style-type: none"> • 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 	
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

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
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 31/6020 & 31/5706	Q1	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Local Transport Capital Block Funding (Pothole Fund) 31/5506	Q2	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Local Transport Capital Block Funding (Pothole	Q3	-	●	●	●	●	Jan 2023	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
		Fund) (City Deals Fund) 31/5675.								
Corporate Services	Grants	Green Homes Grant Phase 1b 31/5336	Q3	-	●	●	●	●	Jan 2023	Completed
Corporate Services	Grants	Green Homes Grant Phase 2 20/21 31/5337	Q3	-	●	●	●	●	Jan 2023	Completed
Corporate Services	Grants	Brownfield Housing Fund Grant	Q4	-	●					Preliminary work undertaken
ICT	Governance	ICT Audit Needs Assessment (External)	Q1	2	○	○	○	○		Under Review (defer to Q4)
Corporate Services	Finance	Budgetary Control	Q2	30	●	●	●	●	Jan 2023	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Finance	Treasury Management	Q2	20	●	●	●	●	Jan 2023	Completed
GMFRS	Front Line Services	Maintenance and Testing of Operational Equipment	Q2	20	●	●	●	●	Jan 2023	Completed
Waste	Assets	Waste Estates Management	Q2	15	●	◐	○	○		Fieldwork
Environment	TBC	Capital Programme 'Deep Dive'	Q2	25	○	○	○	○		To consider merging with GM One Network
Corporate Services	Governance	Performance Management (Follow Up)	Q2	15	●	●	●	●	Jan 2023	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Education, Work and Skills	Contracts	AEB	Q2	20	●	●	●	○		Draft Report
Corporate Services	Finance	BWO Access Rights	Q3	20	○	○	○	○		Under review
ICT	Application management	User Acceptance Testing (External)	Q3	2	○	○	○	○		Under Review with new IT Audit provider
Corporate Services	Procurement and Contracting	Commercial	Q3	20	○	○	○	○		Under review
ICT	Information Systems	GM One	Q3	20	●	○	○	○		Scoping

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
People Services	Compliance	Investigation Processes	Q3	25	○	○	○	○		Under review
ICT	Assets	IT Asset Management (External)	Q3	2	○	○	○	○		Under Review with new IT Audit provider
Corporate Services	Finance	Non-AR Income	Q3	20	●	○	○	○		Scoping
GMFRS	Front Line Services	Safeguarding and DBS	Q3	20	●	○	○	○		Scoping
GMFRS	Front Line Services	Station Standards Framework	Q3	20	○	○	○	○		Under Review
Public Sector Reform	Compliance	Supporting Families Programme	Q3	10	●	○	○	○		Scoping

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Governance and Scrutiny	Information Governance	CCTV	Q4	20	●	○	○	○		Scoping
Core Investment Team	Loans and Investments	External Loans	Q4	20	○	○	○	○		
GMFRS	Prevention and Protection	Road Safety Partnership	Q4	20	●	○	○	○		Scoping
People Services	Workforce	Use of Consultants	Q4	25	●	●	○	○		Fieldwork
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	ICT audit provider appointed in December 2022. Ongoing discussions to agree a delivery plan for the next 12 months.	
	User Acceptance Testing (External)	Q3	2			

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

PSIAS Ref	Ref	Action Required	Responsible	Action	Target date	Status
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
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

PSIAS Ref	Ref	Action Required	Responsible	Action	Target date	Status
						in future budget setting exercises.

Appendix E – Executive Summaries

Maintenance and Testing of Operational Equipment

Internal Audit Report

Maintenance and Testing of Operational Equipment


FINAL

Issue Date 19 December 2022

Report Distribution	
For Action	
Carlos Meakin	ACFO, Director of Frontline Services
Barry Moore	ACFO, Director of Service Support
Andrea Heffernan	Director of Corporate Support
Kris Smedley	LTSC Fleet and Logistics Manager
Paul Fearnhead	Area Manager Frontline Service Delivery
Ben Levy	Head of Resilience BCM and Ops Support
Mark Wilson	Operational Equipment and Technical Manager
For Information	
Audit Committee - Executive Summary Only	
Dave Russel	Chief Fire Officer
Ben Norman	Deputy Chief Fire Officer
Steven Cann	Senior Health and Safety Advisor
Steve Wilson	GMCA Treasurer
Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Eamonn Boylan	Chief Executive
Andrew Lightfoot	Deputy Chief Executive
Mazars	External Auditor

Audit Team	
Sarah Horseman	Head of Audit and Assurance
Damian Jarvis	Audit Manager
Jessica Jordan	Principal Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE	ASSURANCE LEVEL						
The objective of this audit was to provide assurance over the programme of inspection, maintenance and testing carried out on operational equipment ensuring compliance with the Station Standards framework and relevant regulations.	LIMITED ASSURANCE						
KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING			AUDIT FINDINGS				
<ul style="list-style-type: none">• Unsuitable or poorly maintained equipment can result in a health and safety risk to station staff or the public.• Inability to correctly maintain equipment can result in increased cost and reduced value for money.• Inability to connect physical assets with their individual maintenance records could result in the organisation being unable to appropriately defend itself in the face of a claim of negligence.			Critical	High	Medium	Low	Advisory
		4					4
BASIS OF AUDIT OPINION							
This is based on the scoring mechanism outlined in Section 5 & 6 of this report.							
AUDIT OPINION AND SUMMARY CONCLUSION							
<p>We provide a Limited Assurance opinion over controls in place for the maintenance and testing of operational equipment. This opinion is substantially driven by the fact that it is difficult to link individual physical assets to corresponding maintenance records and therefore ensure and evidence compliance on an asset-by-asset basis. That being said, staff showed good understanding of the requirements for maintenance testing and general on-Station compliance with maintenance routines was found to be high. Improvements are required to the systems and processes that underpin the whole programme of inspection, maintenance, and testing.</p> <p>We understand that a project to identify and implement a new asset tracking system for the service is in progress and in the longer term this will address most of the issues found in this audit. The agreed actions therefore focus on shorter term improvement measures prior to implementation of any new system.</p>							

AREAS OF GOOD PRACTICE

- Our discussions with Station officers confirmed that all felt confident in the completion of regular maintenance checks. All were able to describe the types of checks carried out on different items of equipment selected.
- Officers could identify how to access Technical Data Sheets held on the Station but admitted these were rarely referred to due to the familiarity of checking equipment. These would be referenced in the case of training apprentices.
- Generally, Technical Data Sheets specified the scheduled maintenance requirements in accordance with regulatory and manufacturer recommendations.
- All station records tested included the date the inspection/test had taken place and the signature and personal reference number of the Officer undertaking the check.
- All physical items viewed throughout our audit appeared clean and in good condition.
- Station Officers generally felt that the ROADS system worked well for the reporting and resolution of lost or damaged equipment and all believed it was an improvement on the STR10s system which it had replaced.
- Two stations (G20 and G33), had already commenced an exercise to cross reference equipment on the station to maintenance files and Technical Data Sheets. Both stations had identified discrepancies consistent with audit findings. Initial findings from the exercise at G20 are summarised in **Appendix 1**.

AREAS FOR IMPROVEMENT

The main areas for improvement related to the following:

- There is no single centralised inventory record of all operational equipment in use across Stations with differences identified between equipment on Station and BWO records. Station inventories are particularly limited in detail and scope.
- Not all operational equipment has a unique asset identifier/asset reference making it difficult to identify, manage and control physical equipment on an item-by-item basis and track maintenance history as maintenance records on station cannot be matched back to specific individual items of equipment .
- Ongoing difficulties with the capacity and functionality of the ROADS system mean that the system is slow, and records are being removed before they are completed. This leads to an inability to accurately monitor the cause of damage to equipment and speed of resolution.

2. SUMMARY OF AGREED ACTIONS

Finding	Risk Rating	Action	Target Date
1 Asset Tagging and Tracking.	HIGH	<ul style="list-style-type: none"> i) All fleet and equipment will be uniquely identifiable and stored on a digital cloud-based system. ii) Once all known assets are entered onto the digital system LTSC & OETT colleagues will circulate a complete inventory list to each station for localised station audit and amnesty of unaccounted for equipment. iii) Items not recorded on BWO will be reviewed for inclusion on BWO or new Papertrail system. iv) The new digital system will be rolled out to stations to allow greater visibility and transparency. 	31 March 2023 31 May 2023 30 June 2023 31 March 2024
2 Review and update of Technical Data Sheets.	HIGH	A working group will be set up to: <ul style="list-style-type: none"> i) Review and prioritise the updating of all Technical Data Sheets aligned to risk. ii) Agree a framework for frequency of testing of operational equipment to provide consistency. iii) Agree criteria for grouping of equipment into pre-defined categories to assist with asset tagging & tracking 	31 March 2023
3 Station Maintenance Records.	HIGH	<ul style="list-style-type: none"> i) A standard format for maintenance records will be agreed and expanded to include the unique asset I.D. The inclusion of a pass/fail marker will also be considered. ii) Stations will be given guidance over retention periods for maintenance records. 	31 July 2023 31 March 2023
4 ROADS System; functionality, capacity, and reporting.	HIGH	<ul style="list-style-type: none"> i) We will work with Digital Services Team to review workflows as part of the move to SharePoint Online to address outstanding investigation issues and the system capacity issue. ii) We will publicise the updated system guidance to stations alongside additional information about the need for conformance with the investigation process. 	31 March 2023 31 January 2023

			iii) We will review the capability of Papertrail as a longer term replacement of ROADS which would allow all maintenance linked records and investigations to be stored in one system.	30 June 2023
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AUDIT SPONSOR COMMENTS

Provided by Carlos Meakin, ACFO, Director of Frontline Services

I am grateful for the work undertaken to produce this internal audit report concerning the maintenance and testing of operational equipment. It is essential that robust testing and recording of operational equipment takes place given the nature of the operational environment, to meet both the relevant regulatory requirements, but importantly to ensure that equipment used in emergency situations is fit for purpose. I accept the recommendations of the report, noting the indicative timescales for delivery against each, and am satisfied that these timescales are reasonable given the associated risk. It is pleasing to see that operational staff have a good knowledge of the testing processes for equipment and that this is regularly undertaken, however once the recording element of this process is completed the overall assurance level should be greatly improved.

Internal Audit Report

Treasury Management

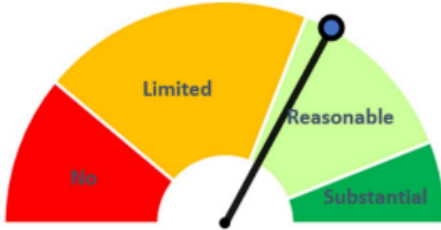
FINAL

Issue Date 13 January 2023

Audit Team	
Sarah Horseman	Head of Audit and Assurance
Damian Jarvis	Audit Manager
Stuart Richardson	Principal Auditor

Report Distribution	
For Action	
Steve Wilson	GMCA Treasurer
Rachel Rosewell	Deputy Treasurer, GMCA
Lindsey Keech	Head of Finance, Capital, and Treasury Management
For Information	
Audit Committee - Executive Summary Only	
Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Eamonn Boylan	Chief Executive
Andrew Lightfoot	Deputy Chief Executive
Mazars	External Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE		ASSURANCE LEVEL					
The objective of this audit was to provide assurance over the Governance and Control framework in place for the Treasury Management function following the establishment of the in-house service from 1 April 2022.		REASONABLE ASSURANCE					
KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING							
The Finance Directorate Risk Register includes specific risks relating to Treasury Management which are kept under review. These are: DIR-FIN-01 Treasury Management- Difficulty in delivering a financially beneficial strategy which secure the best possible returns from investing CA cash and: DIR-FIN-02 Systems and Process- Systems and processes to not adequately support compliance with statutory requirements and accounting codes of practice or help staff explore opportunities to improve performance.							
		AUDIT FINDINGS					
		Critical	High	Medium	Low	Advisory	Total
		-	-	3	2	-	5
		BASIS OF AUDIT OPINION					
		This is based on the scoring mechanism outlined in Section 5 & 6 of this report.					
AUDIT OPINION AND SUMMARY CONCLUSION							
We provide a Reasonable Assurance opinion over the Authority’s arrangements for Treasury Management (TM) following the establishment of the in-house function from 1 April 2022. Our review of the design of the control framework has identified that key controls are in place to manage treasury management activities and provide for segregation of duties in transactions and bank reconciliations. These controls are generally operating effectively, and transactions are recorded accurately.							
We have noted areas of good practice in the design of controls and processes and that statutory guidance around treasury management practices has been consulted appropriately.							

The Treasury Management function remains a development area for the Finance team and the key operational risks identified in the risk register need to be kept under review to ensure the function delivers a financially beneficial strategy to secure the best possible returns from investing cash funds, to avoid any adverse impact on the funding and delivery of services.

AREAS OF GOOD PRACTICE

- The Treasury Management Practices document covers the appropriate range of treasury management practices as specified by the CIPFA Treasury Code of Practice (2021) and refers to relevant statutes and regulations. This was presented to Audit Committee in April 2022.
- In compliance with the CIPFA Codes of practice, Audit Committee receive regular reports which summarises its treasury management activities. These include the annual Treasury Management Strategy Statement and Annual Investment Strategy, a Mid-year Treasury Outturn Report and an Annual Review Report on Treasury Management Activity.
- Segregation of duties exists in key processes, including payments and receipts and bank reconciliations. We completed walkthrough and sample testing of 10 investments and confirmed that segregation of duties was in place for negotiation of deals, approvals and payments and controls were operating effectively.
- We tested two months of bank reconciliations and confirmed that segregation of duties was in place between the preparer and authoriser of the bank reconciliation, and these controls were operating effectively.
- There are access level controls which ensure that the Logotech system can only be accessed by those authorised to do.
- Our sample testing of 10 investment transactions showed these had been accurately recorded on both Logotech and the General ledger following completion of the deals. Details recorded on both systems aligned to those on the deal sheet.

AREAS FOR IMPROVEMENT

The following areas for improvement were noted:

- There are several areas where the Treasury Management function needs to formalise, develop, and embed key controls into everyday activities which reflect those documented in the Treasury Management Practices document.
- Regular discussions are required between the TM Team, Finance Business Partners and Directors/Partner Organisations to seek greater clarity and accuracy around cashflow projections, grant funding and capital expenditure forecasts to help improve decision making around investments.
- Develop Performance Management metrics against which the effectiveness of Treasury Consultants can be assessed and measured.

2. SUMMARY OF AGREED ACTIONS

Finding	Risk Rating	Action	Target Date
1 Alignment to, and update of the Treasury Management Practices document to reflect controls and processes in place and minor presentational changes required.	MEDIUM	The discussed changes to the TMP document will be updated and aligned to reflect actual controls, processes and activities undertaken by the TM Team in identified areas.	31 July 2023
2 TM Payments and Officer Scheme of delegation.	MEDIUM	Scheme of delegation to be updated to reflect Officer roles and responsibilities throughout the payment and reconciliation process. Arrangements will be made to ensure there is sufficient resilience in the treasury management function.	31 March 2023
3 Cashflow Forecasts and Stakeholder Engagement.	MEDIUM	To aim to improve the accuracy of cashflow information and forecasting through closer dialogue/communication between stakeholders and Treasury Management staff.	31 July 2023
4 Member and Staff training.	LOW	Annual schedule of TM training will be put in place for staff and Members relevant to their needs and responsibilities.	30 September 2023
5 Assessment of performance of Treasury Management Consultants.	LOW	Metrics will be developed to assess the overall performance of the function and the appointed advisors (Link Group).	31 July 2023

AUDIT SPONSOR COMMENTS

The internal audit was well planned and delivered in a timely manner with minimal disruption to key officers. The outcome of the audit offers the Audit Committee a Reasonable level of assurance that the treasury management has a good Governance and Control framework in place and allows Officers to concentrate on key areas for review following the 9 months of operation of the function by GMCA from MCC. This is particularly important given the nature and level of risk inherent in the treasury management function.

This audit has been undertaken in accordance with Public Sector Internal Audit Standards

Internal Audit Report

Budgetary Control Processes

FINAL


Issue Date 13 January 2023

Audit Team	
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Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Eamonn Boylan	Chief Executive
Andrew Lightfoot	Deputy Chief Executive
Mazars	External Auditor



1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE	ASSURANCE LEVEL						
The objective of this audit was to provide assurance over the effectiveness of GMCA budgetary control arrangements which ensures financial resources are properly managed.	REASONABLE						
KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING							
<ul style="list-style-type: none">Capital grant funding - is not spent in line with timescale and grant conditions leading to an increased risk of claw back.Significant variations to budgets are not picked up leading to a risk of incorrect forecasting and any likely over/underspend is not promptly identified.Volatility in budgets can lead to incorrect budget assumptions, budget pressures and poor decision making.The impact of significant financial pressures resulting from cost of living crisis, Government funding cuts and inflation.							
		AUDIT FINDINGS					
		Critical	High	Medium	Low	Advisory	Total
		-	-	3	1	-	4
		BASIS OF AUDIT OPINION					
		This is based on the scoring mechanism outlined in Section 5 & 6 of this report.					
AUDIT OPINION AND SUMMARY CONCLUSION							
<p>We provide a Reasonable Assurance opinion on the overall budgetary control process operating within GMCA. Budgets are set and formally approved, and cost centres are regularly managed and monitored against budgets, with quarterly budget reports provided to the GMCA Board for both revenue and capital. Capital programme budgets are not uploaded into the BWO financial system, which may impact on the accuracy and effectiveness of monitoring of these.</p> <p>The quarterly metrics reported to Senior Leadership Team includes the financial forecast for each Directorate, however narrative budget reports don't routinely go to SLT/CEMT for decision making, with responsibility for budgetary control and decision making operating at Directorate or programme level. Other identified areas for improvement, relate to training and guidance for staff involved in financial management to help increase autonomy.</p>							

The budget holder survey and discussions with Directorates provided a positive opinion over the support provided by the Core Finance team and the full results of this survey are included as an **appendix** to this report.

AREAS OF GOOD PRACTICE

- Budgets are set and approved in line with the legislative process and timelines.
- A budget approval and reporting framework is in place with quarterly reporting to the GMCA Board including approval of in year changes.
- Quarterly budget monitoring process takes place across all cost centres with more complex / higher activity cost centres being reviewed more frequently.
- Some corporate health metrics for finance have been produced and these are shared with SLT as part of the quarterly performance reporting framework.
- Finance have introduced the Business Partnering model and the responses provided to our survey from Directorate staff and budget holders showed overall that finance staff were engaged with their services.

AREAS FOR IMPROVEMENT

The main areas for improvement related to the following:

- No regular budget monitoring reports are presented to SLT or CEMT which may lead to a lack of financial oversight by Executive Management on the overall budget position and potential risks.
- Capital Budget reporting to GMCA Board measures variances against the previous quarter outturn position rather than the approved budget.
- There is a clear demand from Directorate staff for further training and guidance to support their role in financial planning, budgetary control, and better use of the BWO financial system.
- Service users were unclear on how the budget incorporated future planning or business plans approved in year and would benefit from more information around this.
- Recognition that further improvements in longer term financial planning are required.



2. EXECUTIVE SUMMARY

Finding	Risk Rating	Action	Target Date
1 Budget Reporting to Senior Leadership Team & GMCA Board	MEDIUM	<ul style="list-style-type: none"> To review the mechanisms for providing budget reporting to Executive Management. Budget reports to consistently include actual figures where appropriate. Clarity over values of budget adjustment made to be included in capital reports. Variances to be measured against approved budgets and not previous forecasts. 	
2 Service Engagement and Training	MEDIUM	<ul style="list-style-type: none"> Implementation of a financial management training programme for first level managers/budget holders. Work with the Policy Team and Directorates to align the budget setting process with the Corporate and Directorate business planning process. 	
3 Capital Budget Monitoring Process	MEDIUM	<ul style="list-style-type: none"> Strengthening the process of recording and consolidating the results of quarterly budget monitoring discussions with Directorates/Partner Organisations to help provide an accurate spend position and any changes. 	
4 Budget upload into BWO Financial System	LOW	<ul style="list-style-type: none"> A reconciliation of all budgets uploaded into BWO financial system against the approved budget promptly after entry to ensure any errors or omissions are identified. To consider the option to upload the approved capital programme budget into BWO financial system to allow spend against budget and significant variances to be tracked. 	

AUDIT SPONSOR COMMENTS

To be provided by Audit Sponsor

This audit has been undertaken in conformance with Public Sector Internal Audit Standards

GMCA Performance Management Framework



Internal Audit Report

GMCA Performance Management and Reporting Framework – Follow Up Review

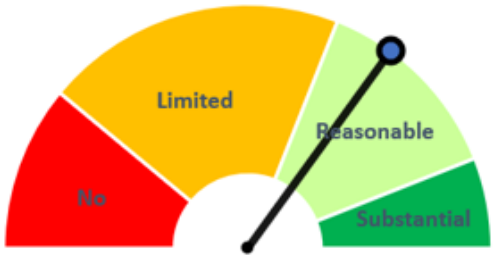
FINAL

Issue Date 17 January 2023

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Amy Foots	Head of Implementation, Strategy
For Information	
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Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Eamonn Boylan	Chief Executive
Andrew Lightfoot	Deputy Chief Executive
Dave Russel	Chief Fire Officer
Ben Norman	Deputy Chief Fire Officer
Mazars	External Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE	ASSURANCE LEVEL																
The objective of this audit was to provide assurance over the adequacy of the GMCA Performance Management framework put in place to ensure risks over delivery of corporate priorities are managed and controlled.	REASONABLE ASSURANCE																
KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING		AUDIT FINDINGS															
Risks recorded on the Corporate Risk Register include: <ul style="list-style-type: none">• (SR2) Failure to further develop trust, cohesion and credibility with and between local GM system and partners.• (SR3) Simultaneous impact from multiple economic factors have a negative impact on delivery of both strategic and operational objectives.• (SR6) GMCA is less able to deliver its contribution to outcomes within the GMS.		<table><tr><th>Critical</th><th>High</th><th>Medium</th><th>Low</th><th>Advisory</th><th>Total</th></tr><tr><td>-</td><td>-</td><td>4</td><td>-</td><td>-</td><td>4</td></tr></table>					Critical	High	Medium	Low	Advisory	Total	-	-	4	-	-
Critical	High	Medium	Low	Advisory	Total												
-	-	4	-	-	4												
AUDIT OPINION AND SUMMARY CONCLUSION	BASIS OF AUDIT OPINION																
	This is based on the scoring mechanism outlined in Section 5 & 6 of this report.																
AUDIT OPINION AND SUMMARY CONCLUSION																	
We provide a Reasonable Assurance Opinion over the policy, procedure and processes which underpins the GMCA Performance Management and Reporting Framework. Since our last report in 2020, the organisation has made good progress in establishing a formal mechanism for reporting on progress at Greater Manchester Strategy (GMS) level and GMCA Business Plan level which was the key action from our previous audit. Given that the process is relatively new it is difficult to draw a full conclusion on the overall effectiveness of the performance framework as the process is still evolving and the organisation seeks to refine the structure and content of the corporate plan and business plan for 2023/24.																	
Whilst acknowledging the improvements made, it continues to be an area for ongoing development which is fully recognised by management and is being continuously improved, currently through Directorate input and development of the 2023/24 Business Plan and staff engagement. Key priorities for this next plan are to make the planning process more visible and meaningful to staff across the whole organisation.																	

It remains a complicated area as a means of providing assurance over as responsibilities for the successful delivery of organisational objectives and delivery priorities often extend beyond GMCA to include GM Districts and partner organisations and as such the governance and performance management structures that sits around this it isn't always clear.

A summary of the progress made against each of the agreed actions from the previous Audit Report issued in 2020 are included as an **appendix** to this report.

AREAS OF GOOD PRACTICE

- Greater Manchester Strategy (GMS) – At GM level, there is a refreshed 10-year strategy document which is focussed on 15 shared commitments. Metrics have been established and there are a series of dashboards which are updated every 6 months. These are the baseline indicators to support the GMS reporting process and some of these are still being developed. GMCA Board and the GMCA Overview and Scrutiny Committee have received the first 6 monthly performance report.
- At GMCA level, the Corporate plan (external facing), and annual Business Plan (internal facing) exist and a quarterly Directorate Performance Monitoring report is provided to SLT which includes a mix of Directorate performance metrics and corporate health indicators. Directorates were consulted on the performance metrics to be included and these provide a good indicator of performance across a range of functions. Not all are measurable metrics and these need to be reviewed to ensure they remain fit for purpose.
- The Strategy and Research teams provide the support in the coordination and collation of information for both the GMS and GMCA performance reporting on a 6 monthly and quarterly basis respectively.
- A Business planning working group has been established to develop the next iteration of the GMCA annual business plan for 2023/24 and refine the process and content. Discussions with SLT have taken place to inform the process, which will culminate in an all staff session in March 2023.

AREAS FOR IMPROVEMENT

The main identified areas for improvement related to the following:

- The relationship between the respective documents Greater Manchester Strategy, and GMCA Corporate Plan and annual Business Plan and how these align and influence each other isn't explicitly clear. The importance of the GMCA Business Plan in providing confidence that the organisation is prioritising delivery and directly targeting the priorities at GMS level is crucial.
- At GMCA Business Plan level, the structure of the performance and governance framework isn't formally documented to describe how this will seek to ensure GMCA achieves the priorities set out in the plan. Including the expectations for the performance management

<p>framework and assurance process, timetable, roles and responsibilities of established Boards and internal Management forums expected to manage performance. It doesn't stipulate the responsibility for managing Corporate, Directorate and Individual performance.</p> <ul style="list-style-type: none"> • Performance reporting mechanisms are inconsistent which makes it difficult to measure progress against our organisational priorities and key activities, particularly at programme and project level. • The integration of the annual Business Planning process with the Budget Setting timetable to ensure that key priorities are costed and resources to support delivery. • Refining the performance metrics and Corporate Health Indicators ensuring these remain fit for purpose and reflect the key deliverables for Directorates • Ensuring there is sufficient oversight, scrutiny and challenge at Senior Leadership Team level. • There were several observations made at the recent Business Planning Group Meeting which are being considered as part of the changes for 2023/24 business plan and wider communication. These included: <i>"The need to focus on the organisation as a whole and not just Directorates"; "need to encourage staff buy in and ownership and making it meaningful to all staff"; "the priorities of the teams don't link to the ambition and direction of the organisation; the BP can be a repeat of what is being governed elsewhere which creates confusion"; and "shouldn't seek to describe everything the organisation does in one document".</i>

2. EXECUTIVE SUMMARY

Finding	Risk Rating	Action	Target Date
1 The Performance Management Framework isn't clearly documented.	MEDIUM	To document the Performance Management framework to ensure the governance structure that sits around both the Corporate and annual Business Planning process is widely understood.	
2 The quarterly monitoring report doesn't sufficiently demonstrate progress on key deliverables.	MEDIUM	The Performance Management framework and quarterly monitoring report will aim to provide the necessary Corporate assurance and convey how well areas are performing in delivering the key Organisational and Directorate Business Plan priorities captured in the 2023/24 plan.	

3	Oversight and challenge on Performance by SLT is not sufficiently evidenced.	MEDIUM	Senior Leadership Team should consider meeting as a dedicated Performance and Governance Board as a minimum every quarter and whether it is designed to provide sufficient consideration and challenge to ensure key priorities are progressing and on track.	
4	Integrating the annual Business Planning Process with the Budget Setting Process.	MEDIUM	Core Finance Team to work with the Policy Team and Directorates to provide better integration of the budget setting process with the Corporate and Directorate annual business planning process for 2023/24. This includes the following aims: i) To present the annual Business Plan alongside the Budget to Resources Committee in line with the budget timetable for 2023/24 to ensure it is properly costed. ii) To undertake detailed, longer term financial planning beyond 12 months and share this with Directorates.	

AUDIT SPONSOR COMMENTS

To be provided by Audit Sponsor

This audit has been undertaken in conformance with Public Sector Internal Audit Standards