GMCA Audit Committee

Date: 25 January 2023

Subject: Audit Action Follow up

Report of: Sarah Horseman, Head of Audit and Assurance

PURPOSE OF REPORT

This report advises Audit Committee of the progress made to date in implementing the agreed actions from internal audit assignments.

RECOMMENDATIONS:

Members are asked to review the progress of the implementation of Internal Audit actions.

CONTACT OFFICERS:

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Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS:

N/A

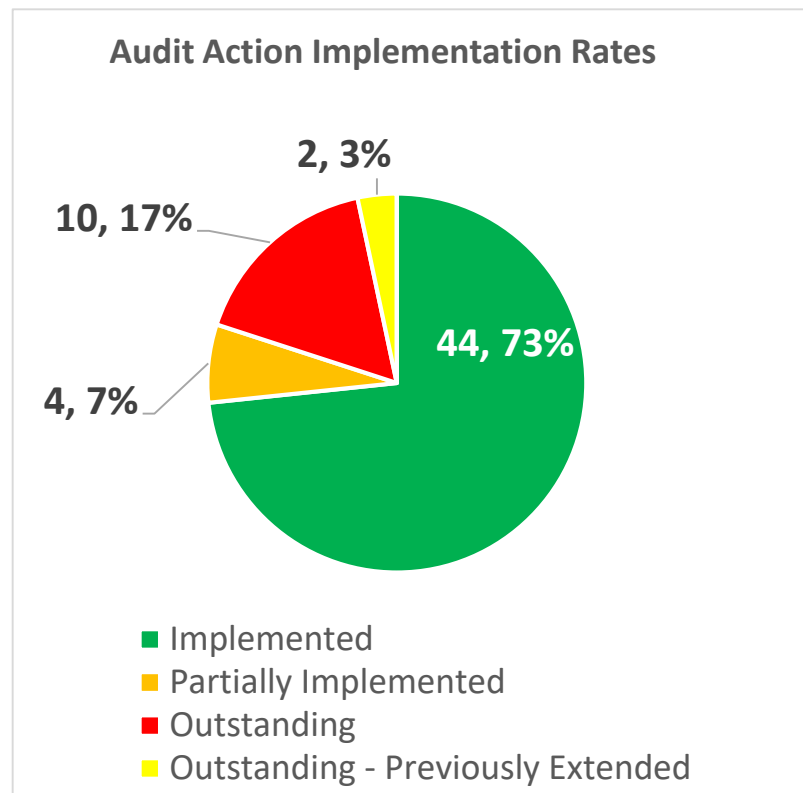| TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	No	
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1   Introduction

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

1.2   Internal Audit has responsibility for the follow up of all audit actions and reporting to Audit Committee on progress made.

1.3   This report provides an overview on the status of outstanding of Internal Audit actions.
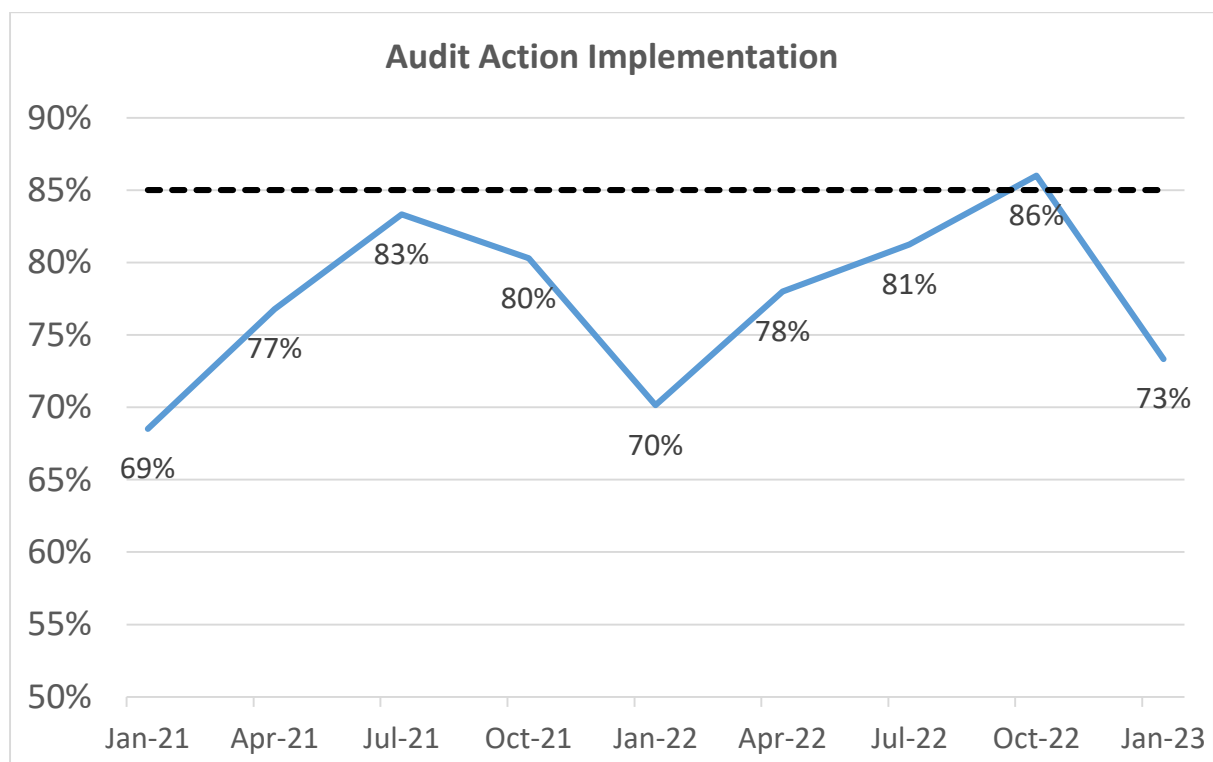

2   Agreed Process

2.1   It is the responsibility of management to implement audit actions on time and provide updates for the tracker. To aid facilitation of this, Internal Audit maintains the action tracker which is shared with risk owners to capture updates on progress of outstanding actions.

2.2   GMCA Senior Leadership Team retains responsibility for overseeing the timely implementation of all audit actions and assessing the impact on risk.

3   Current Status

3.1   As at December 2022, **73%** of Internal Audit actions due in the last 2 years have been implemented, against the target rate of 85%.

Audit Action Implementation Rates

- Implemented
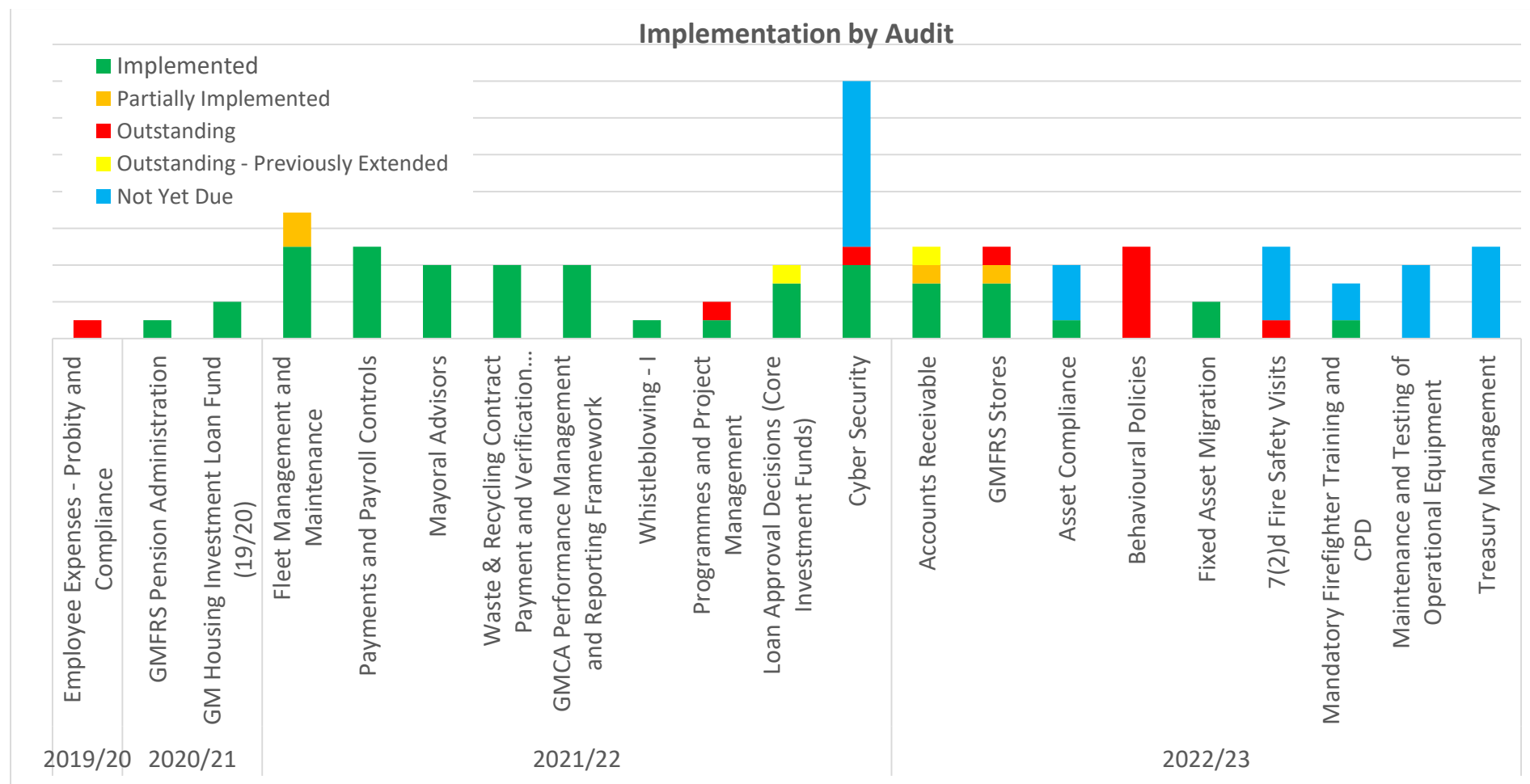- Partially Implemented
- Outstanding
- Outstanding - Previously Extended

This is a slight fall in implementation since October 2022 but is in part due to the number of actions that have fallen due in the period.

Audit Action Implementation

4   Analysis of Audit Actions – by Audit

4.1   The chart below shows the status of implementation of audit actions by audit.

4.2 Since our last report three actions were considered fully implemented and thirteen new actions have become due relating to Audit reports previously shared with Audit Committee.

4.3 There are five actions relating to the Behavioural Policies and Procedures Audit and work is ongoing in this area to explore a systems-based solution for reporting, recording and storing all declarations of interest, gifts and hospitality within MiPlace.   There remain some actions outstanding which relate to LTSC Fleet Services and Central Stores, however, we are satisfied that good progress is being made to implement these and we will continue to monitor and report against agreed timescales.

4.4 Details of all overdue actions and management updates on progress have been included at **Appendix A** to allow Members opportunity to consider these.

4.5 External Audit recommendations are excluded from the calculation of implementation rates but they are now included in the action tracking process to provide External Audit with a view of the status of their recommendations when the next external audit takes place. See **Appendix B.**

5   Analysis of Audit Actions – by Risk Rating

5.1 The table below shows the status of audit actions by the risk rating of the associated audit finding.

Action Status	Total	Critical	High	Medium	Low
Implemented	44	1	7	22	14
Partially Implemented	4	0	1	3	0
Outstanding	10	0	1	6	3
Not Yet Due	27	0	9	11	7
Extended - Not Yet Due	0	0	0	0	0
Outstanding - Previously Extended	2	0	0	0	2
Total	**87**	**1**	**18**	**42**	**26**

5.2 The number of actions being tracked this quarter has increased from 84 to 87 based on final reports issued. Our policy is to remove from the tracker any completed actions over two years old.

5.3 Any actions that are over two years old but have not been fully implemented will remain on the tracker until the actions have been completed and reported as implemented.

Status of Overdue Actions at December 2022

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (January 2023)
Employee Expenses - Probity and Compliance (July 2019)	Minor	**Audit Finding** **VAT:** Consideration should be given to the process for reclaiming VAT on relevant VAT expense claim transactions. **Management Action** Agreed	March 2020	Payroll and Pensions Manager	Outstanding	This action remains outstanding. New process is in place which requires the uploading of documents to support claims. Discussion with VAT advisors has shown that further revisions are required to the evidence to support VAT claims for some types of expenses. A meeting is to take place mid-January to discuss the application of this.
Fleet Management and Maintenance 20/4/2021	Medium	**Audit Finding:** B-fleet Vehicle Usage Policy: There is no policy in place to manage and monitor the usage of B-fleet vehicles across the service. **Management Action:** a) The 'Driving at Work' policy will initially focus on grey book uniformed staff and be approved by SLT and FBU. b) The next stage will take into consideration fleet usage across the wider GMFRS/GMCA estate including operational (support vehicles) and non-operational (pool cars) vehicles. The published policy guidance will establish the key requirements of managers and vehicle users and this will	30 September 2021 Extended to June 2022– **now due for completion by December 2022**	Fleet Services Manager	Partially Implemented	The three key fleet policies were presented for approval by Fire SLT. Both the B Fleet and GPS Tracker and Telematics Policies were approved however changes were recommended to the Driving at Work Policy. These have now been incorporated and the revised policy will be presented for approval mid-January.

		include, but not be restricted to, the following areas: • B-fleet vehicle location updates, to ensure vehicles are available to support service operations at all times. • Daily recording of vehicle journeys. • Daily vehicle roadworthiness inspection and defect checks. • Driver validation checks. • Consistency with other related policies (car user and mileage; and employee expenses). • Use of non-operational Pool cars and booking system including for non-Grey Book staff c)　The use of vehicle tracking devices on all new vehicles is an essential part of developing an effective vehicle usage and monitoring process and a separate policy will be put in place to support this area.				
Fleet Management and Maintenance 20/4/2021	Medium	**Audit Finding:** Contract Management: There is a lack of evidence over how value for money is achieved through revenue contract spend. **Management Action:** In conjunction with Procurement colleagues, there will be a full review of all high priority contract spend areas to understand the full requirements of these and a forward plan to address where contracts need to be re-procured or market tested. Ensuring appropriate senior level oversight is in place with adequate reporting on contract spend areas.	September 2021 Extended to June 2022	Head of Commercial and Fleet Services Manager	Partially Implemented (IA: Awaiting evidence that current work is in line with procurement plan before revising implementation status).	The Procurement workplan was finalised in September 2022, with implementation over the remainder of the financial year. In Fleet, two priority areas have been identified for completion by the end of the financial year 2022/23. The contract for tyres and contract for parts and spares for Fire appliances. The tyres contract has now been assessed and due diligence is being undertaken over the use of a CCS framework for this.

						The parts and spares for Fire appliances is a more complex piece of work, and work is currently being undertaken to ensure that the correct route to market is selected.
Programmes and Project Management 18/11/2021	Medium	**Audit Finding:** There is no consistent suite of programme and project management guides, process flows, tools, and templates **Management Action:** We will develop and produce a project control framework against which programmes, and projects would expected to be delivered. In the first instance this should consist of a simplified but robust methodology for delivery and include a suite of guidance and process flow documents, including templates for key stages such as Business Cases and approval, project delivery, risk escalation, monitoring of progress, and performance reporting. These should be developed and made available centrally to all PMs across the organisation.	October 2022	Extended Leadership Team (via Core Process Review)	Outstanding	Awaiting Management update – To follow.
Loan Approval Decisions (Core Investment Funds) 7/12/2021	Low	**Audit Finding:** Any declarations of interests by CEX ASG members and CIT staff are made as and when they arise. There is no formal register of personal or business interests maintained. **Management Action:** A declaration of interests register will be put in place for CIT and CEX ASG to record any personal, pecuniary, or business-related conflicts of interest. This will include annual declarations being made by Officers and External Members of the group to ensure identified interests can be managed.	January 2022 **(Extended to March 2023)**	Investment Director	Outstanding **To review as part of the work on Behavioural Policies.**	A template for this has now been drafted and the team are awaiting confirmation with HR that that there are no issues with the form. **This is linked to a wider IA review of GMCA Behavioural policies and codes of conduct**.

Appendix A

| Cyber Security 10/3/2022 | Medium | **Audit Finding:**
The revised Technical Vulnerability Management Policy should be implemented once it has been approved.

Management Action:
The Digital Services' Cyber Security Program had already identified a requirement for a number of policies, processes and procedures to be either revisited, or created. These are recorded within the Cyber Security Action Plan (CSAP ref 54, 55)

Activities within the CSAP would include workstation, server and network vulnerability scanning.

A recent proposal for Microsoft E5 Security Suite has been presented to GMCA Senior Leaders and approval granted to proceed. As of April 2022, Digital Services will have access to a suite of security tools including Defender for Endpoint.

GMCA also has access to the Nessus vulnerability scanning software and as part of an overall Cyber Security Strategy capacity needs to be made available to ensure that the tools can be used, managed and that regular activities are scheduled. | December 2022

A revised target date of June 2023 has been agreed to allow Penetration testing to take place. | Digital Solutions Manager | Outstanding. | Good progress has been made in this area. As well as the regular Nessus vulnerability scans, Digital Services have now deployed Defender for Endpoint to all devices and are already seeing positive results.

Funding has been obtained to allow us to scope and undertake a 'penetration test' - which will include firewalls and combine internal and external testing. We are hoping to go out to market for this activity in late January 2023.

Further updates are also required to the policy following the work undertaken, these updates are currently ongoing. |
| Accounts Receivable 12/4/2022 | Low | **Audit Finding:**
Declaration of Interest forms are not completed by Finance Staff.

Management Action:
A declaration of interests register will be put in place for Finance, Commercial and Internal Audit staff to record any personal, pecuniary, or business-related conflicts of interest. This will include annual declarations being made by all Officers to ensure identified interests can be managed. | April 2022

(Extended to March 2023) | Deputy Treasurer | Outstanding

To review as part of the work on Behavioural Policies. | This is linked to a wider IA review of GMCA Behavioural policies and codes of conduct. |

Accounts Receivable 12/4/22	Medium	**Audit Finding:** Regular reporting of management Information on invoices raised, aged debt and credit notes is not taking place. **Management Action:** We will define key performance metrics to measure the efficiency and effectiveness of the AR process. Comparative data will be presented to management periodically for monitoring and sign off.	June 2022	Karen Macrae, Head of Finance Corporate & Technical and Susie Bamford, Principal Accountant Corporate & Technical	Partially Implemented	Information available for KPIs has been reviewed and is being monitored with the aim of refining and reviewing this information as improvements are made to the reports available within the AR module.
GMFRS Stores 8/6/22	High	**Stores Strategy and overarching management requires review.** Management will review the delivery model for the operation of LTSC Central Stores to demonstrate robust governance is in place and value for money at critical points in core processes and activities. This will include: • Setting out in the business development plan the aims and objectives for Central stores aligned to wider service requirements. Including a review of current key operational activities and practices. • Develop written procedures to support consistent processes. This will build on the initial work undertaken by BWO Systems Team to document systems. • Develop performance measures against which the quality and competency of the service can be measured.	30 September 2022	Head of Fleet and Logistics	Partially Implemented	Review of Stores and Logistics Delivery Model is currently underway, with an external consultation supporting delivery of this. This is being considered alongside wider Fire directorate/departmental reviews which may influence the process.

		• Re-examine workplace risk assessments to ensure these are sufficient. • Review delegated authority and workflow within BWO to ensure there is appropriate separation of duties within key financial processes, so staff don't have autonomy to make buying decisions. • Develop performance measures against which the quality and competency of the service can be measured. • Re-examine workplace risk assessments to ensure these are sufficient. • Review delegated authority and workflow within BWO to ensure there is appropriate separation of duties within key financial processes, so staff don't have autonomy to make buying decisions. • Review of overtime usage and any capacity issues for key activities. • Identify any disruption to supply chain around critical product lines, stock management and re-order levels as part of BCM arrangements.				
GMFRS Stores 8/6/2022	Low	**Audit Finding:** Improvements are need to the control and secure disposal of branded firefighter uniform to prevent potential misuse. **Management Action:** Use of individual officer uniform records held in BWO will be reviewed to ensure that records are accurately maintained and used effectively. We will trial a system of recording the number and type of items sent for destruction to determine the level of work involved against the benefits of tracking branded items through to disposal.	September 2022 **Revised target date of June 2023 agreed to allow current trial to be completed and results reviewed.**	Stores and Logistics Manager	Outstanding	A trial is underway to record the returns of branded uniform which is then sent for secure shredding/disposal. This will continue into Q1 of 2023/24.

| GMCA Behavioural Policies and Codes (July 2022) | High | **Codes of Conduct -** Employee behavioural policies and Codes of Conduct require review and update to address weaknesses in process and consistency.

Audit Finding: Existing behavioural policies and codes of conduct including procedures and rules around declaration of financial, pecuniary, business, and personal related interests and the acceptance of gifts and hospitality lacked detail in some areas and these were not widely accessible or promoted across the organisation. There is no requirement for staff to confirm compliance with the Code of Conduct.
There was no standardised format or consistent approach for gathering and holding this information for all GMCA Employees (including GMFRS Grey book staff) and responsibility for policy ownership in this area remained unclear.

Management Action
To review the existing Codes of Conduct for GMCA as part of the annual review of the GMCA Constitution. The review will seek to introduce a proportionate approach which reflects best practice. The aim is to:
i) Implement a single overarching employee Code of Conduct for GMCA/GMFRS staff which incorporates the key principles of conduct and behaviour which apply to all staff. Below this will sit specific rules or actions relating to both Green and Grey book staff.
ii) Consider how staff confirm compliance with this on induction and at regular intervals.
iii) Establishing ownership and responsibility for the registers and processes.
iv) Establishing responsibility for review and oversight for Officer Code of Conduct and the effectiveness of these arrangements (e.g. Standards Committee/Resources Committee) | Dec 2022

Revised target date of March 2023 | i) Assistant Director – Workforce Strategy and Talent (Rules covering Green/Grey Book)

ii) **As above**: (Information on Code of Conduct and expectations on officers to be included in new Starter Induction training).
iii) As above, Policy Development Area belongs to the People Team.
iv) As above Head of Organisational Development leading on the roll out of GMFRS Ethics | Outstanding | Work is underway exploring a systems-based solution for reporting, recording, and storing all declarations of interest, gifts and hospitality within MiPlace.

It is anticipated that once this systems solution is in place, we will be able to cover both GMCA and GMFRS staff in a consistent way. |

		v) **GMFRS** – In a Fire context, the development and roll out of the GMFRS Code of Conduct and Ethics policy for Grey book staff to be completed in 2022.		Policy. Will also explore options for the introduction of an GMFRS Ethical Pledge June/July 22.		
GMCA Behavioural Policies and Codes (July 2022)	Medium	**Audit Finding:** Gifts and Hospitality registers are not maintained in all areas (Employees & Members). **Management Action** To develop a stand-alone policy and procedural guidance for the acceptance of **Gifts and Hospitality – Employees and Members**. This will include: i) Publicising procedures and rules for managing the acceptance of Gifts and Hospitality. ii) Introducing a standardised process and format for recording information across the organisation. iii) Ensuring sufficient oversight is maintained over the appropriateness of Gifts and Hospitality accepted and any emerging trends. iv) Ensuring registers are openly available (Elected Members only – checking with other CA's re Senior Officers) v) In addition, a protocol is being developed around International visits for Members and Officers, with the intention of implementing this during 2022. Note: **Elected Members** o To establish stand-alone G&H Register for circulation to all members undertaking work behalf of GMCA & AGMA. This will be completed at least bi-annually. o We will include a procedure for Mayoral Advisors.	i) Dec 2022 ii)Dec 2022 iii)Dec 2022 iv) July 2022 v) July 2022	i) Assistant Director-Workforce Operations (Employees Policy Area) & Head of Governance and Scrutiny (Members Policy area). ii) As above iii) As Above iv) Head of Governance and Scrutiny (Members Policy area).	Outstanding	**Employees:** A policy for employees is in draft for Gifts and Hospitalities currently under review. Once complete we will then roll out an e-learning module for this. **Elected Members:** Standard Form, including guidance from the Constitution produced for all Elected Members undertaking duties of behalf of the GMCA – C**ompleted June 2022.** Elected Members Registers of Gifts & Hospitality have been established and registers have been published on the website

		Employees ○ To establish G&H registers for Senior Leadership and Directorate Functional areas. (linked to feasibility of managing these in MiPlace).				against individual members. A quarterly reminder is also sent to Elected Members – **Completed June 2022.** Protocol produced and with GMCA legal team for review.
GMCA Behavioural Policies and Codes (July 2022)	Medium	**Audit Finding: Declarations of Interest (Employees) -**There is no standardised or consistent approach for recording or managing declarations in compliance with the GMCA employee code of conduct. **Management Action:** The development of a stand-alone **declaration of interest** policy and procedural guidance will: • Introduce a requirement to complete annual declarations of Interest return for all staff. This is to be managed at Directorate level with responsibility placed on Directors to ensure completed returns are submitted and any declared interests managed. • Introduce a standardised process and format for recording information across the organisation. • Ensuring sufficient oversight is maintained over declared interests and where conflicts arise • SLT will take responsibility for improving awareness amongst staff, and ensuring staff understand what they need to declare. • Link and refer to the declaration process within the annual staff PRA process.	Dec 2022 **Revised target date of March 2023**	Assistant Director- Workforce Operations.	Outstanding	See comments on development of a systems-based solution.

GMCA Behavioural Policies and Codes (July 2022)	Medium	**Audit Finding: Promoting Awareness (Employees)** - Further work is required to raise awareness of GMCA behavioural policies and codes to strengthen compliance with process and rules. **Management Action:** Officers and Operational Firefighters will be made aware of the relevant Code of Conduct/Code of Ethics, what they are expected to declare, and the process for doing so. i. SLT/ELT will have responsibility for taking this forward and raising awareness amongst staff in their Directorates. ii. It will be incorporated into the new starter/firefighter recruit induction process and contracts of employment. Consideration of online training session delivered through Mi-Learning portal. iii. Referenced in consultant contracts.	Dec 2022	**Assistant Director-Workforce Operations.** (Employee Behavioural policies to be made available on the Intranet – supported by e-learning and new starter induction training) Head of Organisational Development. (GMFRS Code of Ethics – Policy aspects)	Outstanding	See comments on development of a systems-based solution. A code of Ethics E-learning module was launched at the beginning of October 2022. Completion rate for GMFRS staff as of the 30 November 2022 stands at 61%. The slight delay to the launch of the e-learning was to allow time to incorporate staff feedback. In addition, awareness raising of the Core Code has been incorporated into other Learning opportunities, for example the Inclusive Culture Training. An Ethical Pledge for GMFRS Supervisory Managers is in final draft, with a view to launching early 2023.

						http://insidegmca.gmfs.local/key-info/new-starters/welcome-pack/our-values-and-code-of-conduct/ Induction now includes a section on our code of conduct see attached.
GMCA Behavioural Policies and Codes (July 2022)	Low	**Audit Finding: System & Process (Employees) -** There is no single central repository for holding DoI and G&H information which would allow for easy access, monitoring and reporting. **Management Action:** To develop a simple system which will allow for this information to be held digitally. To consider the use of MiPlace for the uploading and storing of relevant Declaration of Interest and Gifts and Hospitality returns. This will provide: • A secure and confidential space for collation of records from across the Authority. • Standardised design format for returns. • issue prompts to staff at regular intervals (linked to the PRA process). • Allow responsibilities to be managed by line managers • Greater transparency to meet management oversight and reporting requirements.	Dec 2022	Assistant Director-Workforce Operations. In conjunction with HR Systems and Information Manager & Digital Solutions Manager ICT. (Note: To look at the feasibility of utilising MiPlace for self-declaration and approval).	Outstanding	Review of creating forms on MiPlace currently underway.

7(2)d Fire Safety Visits 29/9/2022	Medium	**Audit Finding:** Revisions to the Operational Intelligence Policy and Procedure are required. **Management Action:** These areas have been subsequently amended in the policy published on 1st August 2022. The Risk Footprint Review guidance has been updated and will be piloted in Q3 of 2022/23.	September 2022	Head of Protection and Building Safety Reform OIS and Water Manager	Outstanding	Awaiting Management update. To follow.
Mandatory Firefighter Training and CPD 29/9/2022	Medium	**Audit Finding:** MoC KPI measurement and Data Quality Issues **Management Action:** (i) We will review the calculation of the MoC 3, 6 and 12 metrics to ensure they are based on the available workforce, rather than all the workforce when there is always a proportion that will not be able to complete the training through absence, illness etc. (ii) We will work with our systems provider to resolve the system issues and ensure that all systems interface to ensure that performance reporting includes, complete, accurate and consistent information. (iii) We will ensure that issues are resolved prior to the implementation of Skills Matrix 2.	December 2022	Learning Resource and Information Manager	Implemented subject to audit verification	Updates to the MoC metrics have been made to allow for those unable to complete training. No further issues have been identified with the systems provider and we now believe the information provided to be accurate, complete and consistent. Implementation of Skills Matrix 2 has been undertaken without issue.

External Audit Action Tracking

To streamline the process for audit action tracking, internal audit has included external audit actions in the tracking spreadsheet and process. External Audit will provide their own assessment of the completion of those recommendations but as an indicator until such time that formal work is undertaken as part of the external audit, Internal Audit provide an informal assessment of the status of those actions where they have been able to obtain a view.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (Jun 2022)
External Audit 20-21 accounts 24/11/2021	Medium	**Audit Finding:** Segregation of Duties in Accounts Receivable weak as individuals can both raise and approve sales invoices on the system **Management Action:** We will review roles following the recent restructure and ensure this is in place, this will be assessed as part of an upcoming internal audit review of accounts receivable	March 2022	Head of Finance Corporate and Technical	Implemented (subject to EA verification)	**IA View:** New role profiles have been set up within the Accounts Receivable system and were launched at the beginning of March. This ensures that there is both segregation and approval of invoices within the system. IA testing in the quarter has shown that the system now has segregated roles in place and utilised.

External Audit 20-21 accounts 24/11/2021	Medium	**Audit Finding:** No disaster recovery test had been performed by the organisation within the period. **Management Action:** We will consider the GMCA approach to disaster recovery testing alongside the creation of a backup policy and EBS.	March 2022	Digital Solutions Manager	Outstanding	**IA View:** The disaster recovery procedures were also picked up as part of the recent Cyber Security audit, as part of this management provided a detailed plan of action with a target date of Mar 2023.
External Audit 20-21 accounts 24/11/2021	Low	**Audit Finding:** Testing of journals identified a write off processed to clear an imbalance between petty cash records and the financial systems, this could not be matched to supporting documents. Amount written off was of low value (£311) **Management Action:** We will ensure petty cash policies and procedures reflect this as well as commencing a review of the requirement for petty cash to be held by the CA.	March 2022	Head of Finance Capital and Treasury Management	Outstanding	
External Audit 20-21 accounts 24/11/2021	Low	**Audit Finding:** No formal back up policy in effect at the Authority **Management Action:** GMCA will produce a formal back-up policy and is currently developing proposals for an Enterprise Back Up Solution (EBS) to be implemented in early 2022 if agreed.	March 2022	Digital Solutions Manager	Implemented (subject to EA verification)	**IA View:** This was also picked up as part of the recent Cyber Security audit and action has now been completed. A policy has been put in place and has been published to the organisation.

Appendix B

| External Audit 20-21 accounts 24/11/2021 | Low | **Audit Finding:**
No formal change management policy in effect at the organisation.

Management Action:
Whilst there is no formal change management policy in place the external auditor acknowledged that the GMCA change management controls are very strong. We will consolidate the process into a formal policy. | March 2022 | Digital Solutions Manager | Outstanding | **IA View:**
The recent Cyber Security audit identified the need to update several corporate policies in this area. Management had also recognised the need to do this and had set a target date of March 2023 for completion of all required policy updates. |