GMCA Audit Committee
12 June 2018

Recommendation Monitoring Report

| Report Of | Treasurer to the Greater Manchester Combined Authority  
<table>
<thead>
<tr>
<th></th>
<th>Head of Audit and Risk Management</th>
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</table>
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| Wider Leadership | Richard Paver  
| Team Lead Officer: | Treasurer to GMCA |

**PURPOSE OF REPORT**
This report provides a summary of the current implementation position and arrangements for monitoring and reporting of both Internal and External Audit recommendations.

**RECOMMENDATION**
Members are requested to consider and endorse the current proposal and position in respect of high priority recommendations.

**PRIORITY**
This report is produced to support Audit Committee oversight of high priority audit recommendations for GMCA and AGMA functions; including GM fire and rescue and GM waste functions.

**BACKGROUND DOCUMENTS**
Internal Audit progress reports to GMCA Audit Committee 2017-18 (see website)
**RISKS/IMPLICATIONS**

**Financial:** Cost of Internal Audit and Risk Services within GMCA budget.

**Staffing:** No impact

**Policy:** No impact

**Equal Opportunities - Has a Diversity Impact Assessment been conducted?** No

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### TRACKING/PROCESS

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
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<tbody>
<tr>
<td>Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board</td>
<td>No</td>
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### EXEMPTION FROM CALL IN

<table>
<thead>
<tr>
<th>Description</th>
<th>AGMA Commission</th>
<th>TfGM</th>
<th>Scrutiny Pool</th>
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<tbody>
<tr>
<td>Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
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1 Introduction

1.1 The Greater Manchester Combined Authority (GMCA) Audit Committee under its terms of reference has responsibility for monitoring details of progress on recommendations made to senior management by both internal and external audit.

1.2 Throughout the year, Audit Committee are provided with regular summary reports on all governance, risk and control matters identified by internal and external auditors during the course of their work. The final published version of each Internal Audit report and the external audit interim and audit findings reports include, where relevant, an agreed management action plan which contains details of specific recommendations, management response, target implementation date and responsible officer.

1.3 This report provides an update on the emerging process for monitoring of recommendations by Audit Committee and provides details on the current status and progress of outstanding recommendations.

2 Process

2.1 The establishment of a formal process for monitoring and reporting of all internal audit recommendations is a key requirement for GMCA and for the internal audit service in compliance with Public Sector Internal Audit Standards (PSIAS). The Standards (2500.A1) state that “the chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action”.

2.2 The Head of Internal Audit and Risk Management is continuing to implement a revised, collaborative audit structure for GMCA in conjunction with Manchester City Council and Bolton Council. Alongside this has been a programme of development work to standardise and provide a consistent approach to delivery of internal audit assurance activity across the three authorities whilst being responsive to the needs of each organisation. This process will ensure compliance with PSIAS and a consistent, cost effective approach to be applied to follow-up.

2.3 To ensure compliance with the Standards and support Audit Committee, Internal Audit propose to follow-up management actions agreed in response to high priority recommendations only, made in both internal audit and external audit reports. This will currently comprise all critical, major and significant priority internal audit recommendations (not moderate or minor) and all high priority external audit recommendations. Management will be required to provide status updates as actions are progressed and completed in line with associated target dates and Internal Audit will formally follow up at least quarterly to provide independent assurance that progress is being made. Management will be required to provide evidence to support and confirm implementation to enable an assessment of sufficiency of actions taken. Internal Audit will consider this evidence and may re-test systems and controls on a risk basis to provide assurance that agreed improvement actions have been implemented and are operating effectively.

2.4 Progress made in the implementation of agreed high priority recommendations will be reported quarterly to Senior Management Team (SMT) and Audit Committee. This will include details of specific recommendations made and an update on the organisation’s exposure to risk.

2.5 For any outstanding high priority recommendations over six months old the Lead Portfolio Member will be notified for information. At nine months overdue, the Lead Officer (or SMT Member) and Lead Portfolio Member will be invited to attend Audit Committee to explain the position and any actions being proposed to address or accept the reported risks.
2.6 If recommendations are not implemented within 12 months of their due date and subject to any additional requirements or actions agreed by Audit Committee, Internal Audit will refer the risks back to the Lead Officer/SMT Member to acceptance of the risk.

2.7 This process will also consider the key strategic risks facing the organisation and assurances being provided as part of the quarterly review and update of the corporate risk register.

2.8 This is an emerging process in the context of the developing GMCA risk management strategy and wider risk and assurance framework. It will also inform assurances obtained as part of the review of the Annual Governance Statement to be completed by the recently established Risk and Governance Group.

3 Current Implementation Position

3.1 The position in terms of high priority internal audit recommendations published during 2017/18 is shown in the table at appendix 1.

3.2 Most recommendations issued prior to April 2017 were associated with risks relating to the transition and integration of other bodies into the GM Combined Authority and are now considered obsolete.

3.3 A total of eight audit reports with 33 high priority actions are listed. High priority actions are those where the risk is considered to be a critical, major or significant control or compliance matter. The majority of these actions are not yet due.

Implemented recommendations

3.4 Internal audit has confirmed that the following high priority recommendations have been implemented.

- Troubled Families (1)
- Payroll controls assurance (1)

Outstanding recommendations

3.5 There are currently no outstanding high priority recommendations which have not been implemented by the due date.

Overdue more than 9 months

3.6 There are no audits where high priority recommendations have reached the nine month overdue date.

Overdue 6 - 9 months

3.7 There are no audits where high priority recommendations have reached the six month overdue date.

4 Recommendations

4.1 Members are requested to consider and endorse the current proposal and position in respect of high priority recommendations.
## Appendix 1 - Recommendations and Exposure to Risk: GM Combined Authority

### Notes
- ●●● Critical, Major and Significant Risks
- ●● Moderate, Minor Risks
- * Excludes recommendations which are not yet due, have been rejected or are superseded

<table>
<thead>
<tr>
<th>Recommendations Made by Audit - Implementation Status</th>
<th>Assurance Over Exposure to Risk</th>
</tr>
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<tbody>
<tr>
<td><strong>Audit</strong></td>
<td><strong>% Fully Implemented</strong></td>
</tr>
<tr>
<td>Payroll – Controls Assurance 07.12.2017</td>
<td>100%</td>
</tr>
<tr>
<td>Finance – Payment Controls Assurance 27.04.2018 (Draft)</td>
<td>N/A</td>
</tr>
<tr>
<td>Payroll i-Trent – Application Audit 02.05.2018 (Draft)</td>
<td>N/A</td>
</tr>
<tr>
<td>Finance BWO – Application Audit 02.05.2018 (Draft)</td>
<td>N/A</td>
</tr>
<tr>
<td>Information Security Audit 23.05.2018 (Draft)</td>
<td>N/A</td>
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<tr>
<td>City Cycle Ambition Grant 16.04.2018 (Draft)</td>
<td>N/A</td>
</tr>
<tr>
<td>Audit</td>
<td>Total Made</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------</td>
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<tr>
<td>GM HIF 15.05.2018</td>
<td>4</td>
</tr>
<tr>
<td>GM Troubled families Programme 11.05.2018</td>
<td>1</td>
</tr>
<tr>
<td>Totals (Bold = Dashboard)</td>
<td>33</td>
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**Notes:**
- ‘Positive’ assurance opinion
- ‘Positive assurance opinion’