PURPOSE OF REPORT

The Internal Audit service delivers an annual programme of work designed to raise standards in governance, risk management and internal control across the Greater Manchester Combined Authority. This work is reported to SMT and Audit Committee and culminates in the Head of Audit and Risk Management’s annual assurance opinion.

An interim annual assurance opinion was issued in April 2019. This confirmed a moderate assurance overall pending the completion of audit work in respect of the GM Fire and Rescue Service.

This report provides Members with the Head of Audit and Risk Management’s update on the interim audit opinion following the completion of GMFRS assurance work.

RECOMMENDATIONS:

Members are requested to consider and comment on the Head of Audit and Risk Management’s final audit opinion for 2018/19.

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Risk Management – N/A
Legal Considerations – N/A
Financial Consequences – Revenue – N/A
Financial Consequences – Capital – N/A

Number of attachments included in the report:

This report is produced in conformance with the Public Sector Internal Audit Standards (PSIAS) requirement for the Head of Audit and Risk Management (“Chief Audit Executive”) to report to officers and the Audit Committee (“the Board”) to help inform their opinions on the effectiveness of the framework of governance, risk and controls in operation within the Authority.

BACKGROUND PAPERS:
Reports presented to Audit Committee:
   o Internal Audit Plan 2018/19
   o Internal Audit Plan 2019/20
   o Head of Audit Annual Assurance Opinion 2018/19
   o Quarterly Internal Audit Progress Update Reports 2018/19
   o Public Sector Internal Audit Standards

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INTRODUCTION

1.1 This report provides an update on the Head of Audit and Risk Management’s “interim” annual assurance opinion report presented to Audit Committee in April 2019 on the overall adequacy and effectiveness of Greater Manchester Combined Authority’s (GMCA) internal control arrangements for 2018/19.

ANNUAL ASSURANCE OPINION

2.1 The moderate assurance opinion provided in April 2019 on the systems of governance, risk management and internal control remains unchanged and takes into account the latest position following audit work to review arrangements for the HMICFRS inspection of Greater Manchester Fire and Rescue Service and the development of GMFRS Programme for Change.

2.2 In summary, whilst the outcome of the Inspection is still to be received there is clear evidence of robust arrangements for self-assessment and evaluation and of governance, oversight and risk management arrangements. Inspection preparation outcomes are one of the sources of intelligence that have been integrated into the Programme for Change (PfC) which is supported by a clear methodology and programme management approach with evident, comprehensive engagement of stakeholders and public consultation as well as key decision makers. Based on the review undertaken by Internal Audit as set out in below, as well as other audit work completed since April, there are no material changes to the assessment of governance, risk management and internal control that impact on the moderate assurance opinion previously provided.

GMFRS Assurance – Programme for Change and HMICFRS

2.3 We completed a short review to obtain independent assurance over the governance and management of risks in relation to the HMICFRS Inspection and Programme for Change (PfC).

HMICFRS Inspection

2.4 The inspection approach was robust and wide reaching, including a Service self-assessment and data submission, inspector data review and analysis and two intensive on-site inspections that are now complete It was evident that in respect of preparation and engagement in the inspection and the development of PfC there had been significant work completed to establish a robust approach to governance and risk management including the establishment of:

- Clear roles and responsibilities.
- Arrangements to ensure data and information led needs analysis.
- Project planning, management and reporting.
• Risk identification, assessment, management and reporting.

• Oversight and scrutiny.

2.5 Inspection preparation had been substantial and involved a wide range of activities across the service to understand areas of strength and areas for development. This included a thorough programme of consultation and engagement with the workforce and key stakeholders, written submission of evidence and response to the Inspector’s key lines of enquiry.

2.6 In the opinion of Internal Audit the process had supported self-reflection and identified areas for improvement from the evidence collated. Whilst the outcome of the Inspection is yet to be received, the Service had already determined development actions required in response to the self-assessment and debrief meetings held with Inspectors. These had been discussed and agreed with the Chief Fire Officer and at Corporate Leadership Team; and shared with the GM Mayor’s Office.

2.7 Some of these actions are being addressed as part of service operations / business as usual but others will be addressed as part of the programme of development under PfC.

Programme for Change (PfC)

2.8 PfC has integrated learning from a range of sources including the findings of a Fire Cover Review, the Kerslake Report, preparation for HMICFRS Inspection, internal learning processes and the outcome of a 2018 Health and Safety Executive Inspection. Areas for improvement are comprehensively set out in an Outline Business Case and associated Briefing Presentation that are publically available and set out the approach to the review, key themes and findings; key risks and dependencies; and the governance arrangements.

2.9 Governance arrangements have included a Programme Board and Steering Group, supported by a dedicated Programme Management Office, utilising skills and expertise from across GMFRS as well as TfGM and the GMCA. Reporting has been frequent and overseen by the PMO with monthly update reports to Programme Board setting out key actions, risks and issues. In our opinion and as discussed with the Programme Director we consider that the key risks around PfC and in particular the achievement of planned savings should be more overtly reflected in the GMCA Risk Register in 2019/20. This will be a point of discussion at the next GMCA Governance and Risk Group in October.

2.10 Themes for development under PfC have clear senior owners from within the GMFRS Corporate Leadership Team and oversight has been provided through the office of the GM Mayor as well as Corporate Issues and Reform Scrutiny Committee. Governance is being refreshed as the programme moves from the discovery, listening and learning phase, to implementation from July. In addition the Programme Director and Senior Responsible Officer (SRO) have commissioned a Risk Potential Assessment from TfGM and this will inform a gateway decision making and assurance approach for the programme that is in line with TfGM’s programme assurance models. We consider these changes are positive developments as the programme moves from outline business case and consultation through to decision making and implementation.
2.11 Consultation on the findings and proposals emerging from PfC ended in May and are being collated to inform final recommendations to be presented to the GM Mayor for decisions in July.

2.12 Overall, whilst the findings of HMICFRS Inspection and the final decisions on implementation of PfC are awaited, Internal Audit can provide positive assurance over the approach taken by GMFRS, GMCA and the Office of the GM Mayor in respect of processes for consultation, review, self-assessment, evaluation and the development of improvement actions. Whilst it is evident that a great deal of work has been done to date, the next phase of development with the implementation of agreed actions and the management of risks to the achievement of planned outcomes will be critical and will be an area where Internal Audit will work with GMFRS CLT to ensure appropriate assurance is provided to key stakeholders, indulging the Audit Committee.

3 RECOMMENDATIONS

3.1 Audit Committee are asked to Members are requested to consider and comment on the Head of Audit and Risk Management’s final audit opinion for 2018/19 and note the update in respect of GMFRS audit and assurance activity and the unchanged moderate annual assurance opinion provided by the Head of Audit and Risk Management.