GREATER MANCHESTER JOINT AUDIT PANEL
(POLICE AND CRIME)

14:00 p.m. – 15:10 p.m., Wednesday 23 October 2019

Room 422, Fourth Floor, Greater Manchester Police Headquarters,
Northampton Road, Manchester M40 5BP

PART A

14:00 – 14:10	**1.**	**Welcome and Apologies for Absence**	Chair
	2.	**Urgent Business (if any) at the discretion of the Chair**	Chair
	3.	**Declarations of Interest**	All
	4.	**Approval of previous minutes and actions [p]** *[1 - 7]*	Chair
	5.	**Terms of Reference [p]** *[9 - 10]*	Chair
	6.	**Annual Self-Assessment of Panel Effectiveness** *Verbal Update*	Chair
14:10 – 14:45	**7.**	**iOPS Implementation** *Verbal Update*	GMP
14:45 – 14:55	**8.**	**Progress against the Internal Audit Plan 2018/20 [p]** *[12 - 26]* *Report of the Head of Audit and Assurance*	GMCA
14:55 – 15:00	**9.**	**Audit Panel Workplan 2019-20 [p]** *[28 - 34]* *Report of the Head of Audit and Assurance*	GMCA
15:00 – 15:05	**10.**	**Internal Audit Action Tracker Report [p]** *[36 - 38]* *Report of the Head of Audit and Assurance*	GMCA
15:05 – 15:10	**11.**	**External Audit Annual Letter [p]** *[40 - 51]*	Mazars

Future meeting dates

Wednesday 15th January 2020 *(Room 434, GMP Force Headquarters, 14:00)*

Wednesday 8th April 2020 *(Room 434, GMP Force Headquarters, 09:30)*

Monday 29th June 2020 *(Graphene Room, Churchgate House, 13:00)*

Friday 31st July 2020 *(Graphene Room, Churchgate House, 09:30)*

Wednesday 21st October 2020 *(Room 434, GMP Force Headquarters, 09:30)*

[p] Paper attached

JOINT AUDIT PANEL

Date: 30th July 2019

Time: 10:20 – 12:00

Venue: The Boardroom, Churchgate House, 56 Oxford St, Manchester M1 6EU

Attendees
Peter Morris (Chair)
Foluke Fajumi (Panel)
Ian Cayton (Panel)
John Starkey (Panel)

ACO Lynne Potts (GMP)
Janet Moores (GMP – Head of Finance)
Sara Ashworth (GMP – Strategy, Policy and Planning Manager)
Clare Cowap (GMP – Minutes)

Richard Paver (GMCA – Treasurer)
Sarah Horseman (GMCA – Head of Audit and Assurance)
Cath Folan (GMCA - Audit Manager (Police and Crime)

Mark Kirkham (Mazars - Partner (Public Services)

Apologies Ian Hopkins, Chief Constable, GMP

M031/JAP Welcome & Apologies for Absence

The Panel formally noted Cath Millington has resigned from her Panel Member role.

M032/JAP Urgent Business (if any) at the discretion of the Chair

None raised.

M033/JAP Declarations of Interest

None raised.

M034/JAP Approval of previous minutes and actions

The Panel approved the previous minutes as a true and accurate record subject to the following amendment:

Page 2 'GMP advised that on the last year of the elected Mayor's establishment (2016/17), accounts were done on a 13 month basis'.

Amended to 'GMP advised that on the last year of the Police and Crime Commissioner's existence (2016/17), accounts were based on a thirteen month financial period'.

The action log was duly updated.

The Panel noted and accepted that the Strategic Risk Register update will be brought to a future meeting. A meeting of senior representatives from across GMP had been due to meet to discuss strategic risk however due to operational exigencies the meeting has been postponed. It will be rescheduled as soon as possible and members of GMCA will be invited to contribute to these discussions.

M035/JAP Terms of Reference

Given the Panel has been meeting for approximately one year, it was agreed that it would be timely to consider an effectiveness review, similar to the review that has just been conducted by Internal Audit on the GMCA Audit Committee.

ACTION – GMCA (Head of Audit and Assurance) to consider the potential to conduct a Panel Effectiveness Review of the Greater Manchester Joint Audit Panel (Police and Crime).

M036/JAP Chief Constable's Statement of Accounts 2018/19

The Head of Finance (GMP) presented the Chief Constable's Statement of Accounts for approval. The Statement had been updated to reflect the discussions and requests made by Members at the previous meeting, and a series of points and changes were highlighted for the clarity of the Panel, including:

Page 7 – Balance Sheet – now reads that 'the Chief Constable has recognised net liabilities of £8.492bn…' which has been updated as a result of late pension disclosure notices.

Page 30 – Expenditure and Income analysed by nature – it was noted the Employee benefit costs has changed significantly for 18/19. These figures cannot be compared with previous years due to the impact of the 18/19 pensions adjustments.

In relation to the 'Intercompany adjustments' figure, the Head of Finance (GMP) stated this is as a result of the insurance provision being moved to a reserve in 17/18.

Page 33 – Officers' Remuneration above £50,000 – A Member raised a query in relation to a variance change in the number of employees in the £50,000 - £54,999 remuneration band in 2017 – 18 from previous draft papers.

ACTION: The Head of Finance (GMP) to confirm correct figure.

Page 40 – This was a new addition to the draft papers as previously seen by the Panel and related to the McCloud / Sargeant Judgement.

Page 43 - Pensions Assets and Liabilities Recognized in the Balance Sheet – A Member requested further clarity on the figures relating to the 'Percentage of total assets' as at 31 March 2019. The Head of Finance (GMP) sought to provide clarity that this would be a rounding up anomaly, however undertook to provide the clarity following the meeting.

ACTION: The Head of Finance (GMP) to confirm correct figure.

M037/JAP External Audit Completion Report

The Head of Finance (GMP) clarified a number of small changes to the above paper since the agenda had been issued, which included:

Page 19 – Audit Conclusion, now references 'These were not taken into account in the actuarial *estimates* of the defined benefit liability'.

Page 25 – Findings, now provided additional context that ‘it is the Government who retain ultimate control through setting precept limitation rules.’

Page 25 Reserves and balances – now read ‘As at 31 March 2019 GMCA held £76.08m within the ‘Mayoral Police Fund Reserves’ compared to £75.6m in the previous year’.

Mark Kirkham (Mazars - Partner (Public Services) thanked the Head of Finance for clarifying the above changes and presented an overview of the External Audit Completion Report, highlighting the risks as identified within the audit opinion and value for money conclusion.

The Chair sought clarity on how Mazars set materiality thresholds for reasonable assurance in making their audit opinion. Mark Kirkman (Mazars) explained a number of tests are utilised to ensure accuracy, such as samples of journals within the payroll environment which test analytical and substantive procedures.

A discussion took place on the role of the External Audit report in providing assurance to the Chief Constable and Members of the GM Joint Audit Panel that the control environment is satisfactory, governance processes are robust and significant risks are being managed and mitigated.

Mazars noted the feedback from Members in relation to typographical inaccuracies within the report and undertook to correct these.

M038/JAP HMICFRS Integrated PEEL Assessment Report

The Strategy, Policy and Planning Manager (GMP) presented the Panel with an overview of the findings from GMP’s Integrated PEEL Assessment as carried out by HMICFRS in 2018.

The Panel noted that whilst the report has only recently been published, the findings are based on fieldwork conducted in November 2018 and since then, GMP has undertaken a huge amount of work in response to the Cause of Concern and Areas of Improvement identified and is committed to improvement through a Force Action Plan.

A discussion took place on GMP’s use of the Single Online Homes system which allows members of the public to report crime directly and the cyber security measures which are in place to ensure the threat of a cyber-attack is minimised. The Panel was assured that appropriate security measures are in place.

The Head of Audit and Assurance (GMCA) further assured the Panel that the Internal Audit team has just completed an audit on Cyber Security and the findings from this will be reported to the next meeting.

M039/JAP Anti-Fraud Policy Documentation

The Chair accepted the request for this report to be deferred and requested it be reported to at October’s meeting.

M040/JAP Progress against the Internal Audit Plan 2018/20

The Head of Audit and Assurance (GMCA) introduced the above report to the Panel and presented a progress overview of the delivery of the Internal Audit Plan.

There are currently no proposals to change the plan however, in light of the findings from GMP’s HMICFRS IPA report and the outcomes from the upcoming Strategic Risk meeting, it may be timely to review and bring proposals to the next meeting for approval.

The Panel noted the contents of the report.

M041/JAP Internal Audit Tracker Report

The Audit Manager (Police and Crime) (GMCA) presented the Internal Audit Tracker Report to the Panel which set out the progress being made by GMP in the implementation of the agreed actions in the various audit assignments undertaken during each financial year.

The Panel noted that of the number of agreed actions that are due to be implemented, eight have been implemented and thirteen remain outstanding, and those have all been given revised timescales for implementation.

The Panel went on to scrutinise the updates on the progress of outstanding high priority actions and outstanding actions over 12 months old and were satisfied sufficient action is being taken to ensure the force delivers on progress.

The Panel noted the contents of the report.

Joint Audit Panel
Action and Decision Log

ID	Agenda Ref.	Date	Owner	Update	Open/ Closed
A003/JAP	M015/JAP	04/04/2019	GMP	**Action - To update the Strategic Risk Register. To be brought to the January 2020 meeting.**	Open
A013/JAP	M035/JAP	30/07/2019	Internal Audit	**October 2019:** Verbal update to be provided on October's agenda. **Action - GMCA (Head of Audit and Assurance) to consider the potential to conduct a Panel Effectiveness Review of the Greater Manchester Joint Audit Panel (Police and Crime).**	Closed
A014/JAP	M036/JAP	30/07/2019	GMP	**October 2019:** The 17/18 figures changed between the draft Statement in June and the Final Statement in July following the audit. Previously, the essential car allowances were not included in the total remuneration figures but this changed in 2018/19 necessitating a restatement of the 2017/18 figures. The final statement included the explanation: "The 2017/18 bands have been restated due to the inclusion of essential car user allowances into the salary figures" (see appendix 1) **Action - Officers' Remuneration above £50,000 – A Member raised a query in relation to a variance change in the number of employees in the £50,000 - £54,999 remuneration band in 2017 – 18 from previous draft papers. The Head of Finance (GMP) to confirm correct figure.**	Closed
A015/JAP	M036/JAP	30/07/2019	GMP	**October 2019:** The percentage of total assets totalled 103% due to roundings. These figures are as stated in the Actuarial report but are shown to 2 decimal points to show they do actually total 100% (see appendix 2). **Action - Pensions Assets and Liabilities Recognised in the Balance Sheet – A Member requested further clarity on the figures relating to the 'Percentage of total assets' as at 31 March 2019. The Head of Finance (GMP) sought to provide clarity that this would be a rounding up anomaly, however undertook to provide the clarity following the meeting.The Head of Finance (GMP) to confirm correct figure.**	Closed

Appendix 1

Local Government Pension Scheme assets comprise:

	31 March 2019			
	Quoted prices in active markets	Prices not quoted in active markets	Total	Percentage of total assets
	£000	£000	£000	%
Cash and cash equivalents	**21,179**	**0**	**21,179**	**2.50%**
Equity instruments by industry type:				
Consumer	46,834	0	46,834	5.52%
Manufacturing	49,001	0	49,001	5.78%
Energy and utilities	47,650	0	47,650	5.62%
Financial institutions	67,105	0	67,105	7.91%
Health and care	25,039	0	25,039	2.95%
Information technology	15,138	0	15,138	1.79%
Other	9,291	0	9,921	1.10%
Sub-total equity	**260,057**	**0**	**260,057**	**30.67%**
Bonds by sector:				
Corporate bonds (investment grade)	31,716	0	31,716	3.74%
UK Government bonds	5,584	0	5,584	0.66%
Other	21,506	0	21,506	2.54%
Sub-total bonds	**58,806**	**0**	**58,806**	**6.94%**
Property:				
UK	0	40,274	40,274	4.68%
Sub-total Property	**0**	**40,274**	**40,274**	**4.68%**
Private equity:				
All	0	39,711	39,711	4.75%
Sub-total private equity	**0**	**39,711**	**39,711**	**4.75%**
Other investment funds:				
Equities	191,682	0	191,682	22.61%
Bonds	105,474	0	105,474	12.44%
Infrastructure	0	40,651	40,651	4.79%
Other	16,523	73,139	89,662	10.57%
Sub-total other investment funds	**313,680**	**113,790**	**427,470**	**50.41%**
Derivatives:				
Other	430	0	430	0.05%
Sub-total derivatives	**430**	**0**	**430**	**0.05%**
Total assets	**654,151**	**193,775**	**847,926**	**100.00%**

Appendix 2

11. OFFICERS' REMUNERATION

Officers' Remuneration above £50,000

The table below shows the number of all Police Officers and Police Staff who have received more than £50,000 in remuneration during the year, including the defined senior and statutory officers shown in the Senior Officers' Remuneration Note. This amount excludes any payments in relation to employee pensions.

	1 April 2018 to 31 March 2019 Restated	**8 May 2017 to 31 March 2018**
Remuneration band	Number of employees	Number of employees
£50,000 - £54,999	498	709
£55,000 - £59,999	317	340
£60,000 - £64,999	67	121
£65,000 - £69,999	31	38
£70,000 - £74,999	12	19
£75,000 - £79,999	14	9
£80,000 - £84,999	12	20
£85,000 - £89,999	9	10
£90,000 - £94,999	8	2
£95,000 - £99,999	1	2
£100,000 - £104,999	1	1
£105,000 - £109,999	3	2
£110,000 - £114,999	1	2
£115,000 - £119,999	1	2
£120,000 - £124,999	0	0
£125,000 - £129,999	0	1
£130,000 - £144,999	0	0
£145,000 - £149,999	0	1
£150,000 - £154,999	1	0
£155,000 - £194,999	0	0
£195,000 - £199,999	0	1
£200,000 - £204,999	1	0
Total	**977**	**1,280**

The Manchester Arena attack on the 22 May 2017 led to a substantial increase in overtime payments during 2017/18, due to officers and staff working additional hours to deal with the incident.

The 2017/18 bands have been restated due to the inclusion of essential car user allowances into the salary figures.

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GREATER MANCHESTER JOINT AUDIT PANEL (POLICE AND CRIME)

TERMS OF REFERENCE

PURPOSE

To provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes in operation within the Chief Constable's Corporation Sole and the functions of the GMCA responsible for administering the Police Fund (income, expenditure, assets, liabilities).

(NB. for the purposes of this document the term "authority" means the Chief Constable's Corporation Sole and the functions of GMCA responsible for administering the Police Fund).

CORE FUNCTIONS

- To ensure that assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the Chief Constable's objectives;
- To oversee the independence, objectivity, performance and professionalism of the internal audit function;
- To support the effectiveness of the internal audit process;
- To promote the effective use of internal audit within the assurance framework;
- To consider the effectiveness of the authority's risk management arrangements and the control environment;
- To review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations;
- To monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption;
- To receive the reports and recommendations of external audit and inspection agencies and consider their implications for governance, risk management or control;
- To support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process;
- To review the financial statements, external auditor's opinion and report to the authority, and monitor management action in response to the issues raised by external audit.

REQUIREMENTS

The Panel will:

- Act as the principal non-executive, advisory function supporting those charged with governance;
- Be independent of the executive or operational responsibilities of the Mayor and Chief Constable;
- Have clear rights of access to other committees;
- Report to the GMCA Audit Committee on Police Fund activity and assurance;
- Be properly accountable to the Chief Constables' Executive and GMCA Audit Committee (in relation to the Police Fund);
- Meet at least five times a year, and have a clear policy on those items to be considered in private and those to be considered in public;
- Be able to meet privately and separately with the external auditor and with the head of internal audit (outside of formal, public meetings);
- Include, as regular attendees, the chief financial officer(s) or appropriate senior and qualified substitute, the Chief Constable, the Chief Executive to GMCA, the head of internal audit and the appointed external auditor;
- Have the right to call, as required, any other GMP police officers/staff, GMCA officers, including the Mayor/Deputy Mayor;
- Report regularly on their work, and at least annually report an assessment of their performance.

MEMBERSHIP

The Panel will comprise a maximum of five members including the Chair who are independent of the Chief Constable and the Mayor. The meeting will only be quorate if at least three members are in attendance.

Initial term of office to be 3 years with up to a further 3 years on renewal.

Chair to be agreed by the Chief Constable/Mayor after considering applications for those interested.

SKILLS

To aid the Committee in delivering its purpose all Members will be required to undergo appropriate training which will be funded by the authority.

REVIEW

The Committee will review its terms of reference annually.

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GREATER MANCHESTER POLICE

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Report of the Head of Audit and Assurance to the Greater Manchester Combined Authority to the Joint Audit Panel
23rd October 2019
Progress against Internal Audit Plan 2018/20

Overview:

The purpose of this progress report is to inform Members of the Joint Audit Panel of the progress to date of the delivery of the Internal Audit Plan.

Detail:

2018/20 Internal Audit Plan

The Internal Audit plan for 2018/20 was approved by the GM Mayor (in respect of police and crime functions), the Chief Constable and the Joint Audit Panel on 12th December 2018.

The plan contained 930 days of internal audit work. An additional 60 days were approved in April and June 2019 for inclusion in the plan. Based on a team of three auditors this plan contained more days than available resources for the period January 2019-March 2020.

Internal Audit has therefore recast the plan and proposes a reduction of 330 days, making the remaining audits achievable by the end of the financial year. The revised plan has been agreed with Force management and will be presented to Exec Co. Internal Audit requests the approval of this revised plan by the Joint Audit Panel.

Details of the Audits removed, along with the rationale are shown in Appendix A. Details of the audits remaining in the plan are also listed should the Panel wish to re-prioritise any of those proposed for removal.

Going forwards for 2020/21 onwards, the audit plan will be informed by the available days within the audit team to ensure a realistic, risk-based plan is prepared. All audits that are being removed at this time will be re-considered for future plans.

Internal Audit progress – Q2 2019/20

One report has been issued since the last meeting of the Joint Audit Panel held on the 30th July 2019 as noted below:

- Software Asset Management – **Satisfactory** Level of Assurance

Details of the number and priority of agreed actions in respect of these audits are attached in Appendix B.

summary of any high or critical findings is also provided in Appendix B.

Internal Audit Work In Progress

We are currently undertaking work in the following areas:

Planning and Scoping:

- PCC Grants Process
- Force Armoury
- Complaints Process
- PACE (Police and Criminal Evidence) Beds/Secure Beds for Juveniles

Fieldwork:

- Compliance with Disclosure Responsibilities
- Care and Family Services – Disclosure
- RIDDOR Reporting
- Specially Trained Officers

Reporting:

- Cyber Security
- Use of Agency Staff and Overtime (Serious Crime Division and Specialist Operations)
- Specialist Equipment (Serious Crime Division)
- Custody – Health and Welfare of Detainees
- Provision of Training – ‘newly promoted’ or ‘acting up’
- Events Planning and Cost Recovery

Details of our progress in respect of the revised 2018/20 Audit Plan is shown in Appendix C.

Changes to the Internal Audit Plan

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, significant changes to the plan must be approved by the Joint Audit Panel.

Appendix D of this report provides a cumulative record of changes to the approved plan along with the date they were approved by the Panel. This includes those audits being requested to be removed at this meeting.

Risk:

Risk	Mitigation
Individual reports have identified risks associated with the area's reviewed	Management has agreed to take appropriate action to address the issues identified and mitigate the associated risk.

3

Recommendations:

Members are asked to **review and scrutinise** the contents of this report and **approve the changes to the plan.**

Attachments:

Appendix A – Proposed recast audit plan

Appendix B – Summary of internal audit reports 2019/20

Appendix C – 2018/20 Internal Audit Plan Progress Report

Appendix D – Record of Changes to the Internal Audit Plan

Rationale for changes to audit plan

The table below lists the audits that are proposed to be removed from the current internal audit plan in order to align the plan to the resources available for the rest of the financial year. The final column shows the audits remaining within the plan for each area. Those in *italics* have already been completed.

Audit	Days	Rationale for removal from the plan	Audits within the area remaining in the plan
Assets and Equipment			
Equipment – Fit for purpose	20	Two equipment audits have already been undertaken within the current plan.	• Management of Specialist Equipment in Serious Crime Division • *Uniform and equipment – issue, returns, monitoring and reporting* • Firearms – physical control and storage of firearms held across the Force e.g. in Forensics and Property Stores • Firearms – security, issue and return to Force Armoury
Change and Transformation			
Change Management Process	30	Given the significant change within the Force through iOps consideration will be given to how change and transformation will be included in the audit plan going forwards.	• Forensic Digital Investigations
Payroll HR Shared Service	10	An independent review has been carried out by Caja Business Services Consultants and the outcome has been reported at the Deputy Mayors Executive Forum	
Custody and Criminal Justice			
No changes proposed			• *Health and Welfare of Detainees in Custody and on Release* • Disclosure - Compliance • PACE (Police and Criminal Evidence) Beds for Juveniles
Finance			
No changes proposed			• *Events Planning – Cost Recovery* • *Payroll* • *Use of Agency Staff and Overtime (Serious Crime Division and Specialist Operations Branch)*

			• *GMP Travel Desk (VFM)* • *CTPNW Travel Desk (VFM)*
Governance			
Governance and Decision Making	25	Changes in the governance and decision making structures have been introduced across GMP. Consideration will be given to potential scope and optimum timing for this review in the audit plan going forward.	• Risk Management
Organisational Learning	20	Two training audits have been undertaken in the current year	
ICT and Information Systems			
ICT Systems Health Checks	5	Low risk, little added value	• CARE family by Disclosure in Criminal Records • *Mobile working* • *Cyber security* • *Service Management Platform – Service Desk* • *Software Asset Management*
Service Integration and Management	10	This review was pending the implementation of iOPs. As a result, the timing of this review will be considered in future planning discussions.	
Information, Data Governance and Security			
Human Tissue Act	5	Initial request from the Force to pause this in light of national issues. To be considered in future panning discussions.	• *Force assurance arrangements for compliance with Protection of Freedoms Act* • GDPR (incorporating IS Incidents and Breaches)
IS Requests for Information	25	Consideration to these audits will be given in 20/21 in light of GM wide Information Governance programme once established.	
IS Sharing of Information	25		
IS Incidents and Breaches	25	Will be incorporated into the GDPR audit	
Mobile Digital Devices	20	Audit of mobile working undertaken within the current plan.	
Performance			
No changes proposed			• Crime recording

Procurement and Contracts			
Contract Management and Monitoring	30	Audit of procurement to be undertaken this financial year. Will include contract management as a logical extension of the procurement process in the future audit plan.	• Procurement
Firearms Procurement	15	Through scoping the firearms reviews in the current plan Internal Audit is aware that work is ongoing to formalise the frameworks in place around firearms procurement. Will be included in a future plan.	
Workforce and People			
Provision of Training	25	Two training audits are already included in the current plan. The need for any more audit activity within this area will be considered in future planning discussions.	• Health and Safety • Provision of training – newly promoted and acting up • Specially Trained Officers
Restricted Duties	25	Given the number of audits within this area this year, consideration for this audit will be given in 20/21.	
Police and Crime Functions (PCC)			
Victim Services	30	An audit of the grants awarding process is included in the current audit plan which incorporates Victim Services. Grants monitoring and evaluation will be included in subsequent plans.	• Grants processes – approval, allocation, payment and monitoring
Follow up audits			
Mail and mailboxes	5	Will be incorporated in general follow up activities	• Seized cash and proceeds of crime • Police and crime commissioning framework
Total	**330**		Total days in the plan **660**

2019/20 Summary of Internal Audit Reports

The table below provides a cumulative summary of the internal audit work completed in 2019/20. This will inform the annual Internal Audit opinion for the year 2019/20.

Audit	Assurance Level	Audit Actions				Summary of Critical / High findings
		Critical	High	Medium	Efficiency	
Force Travel Desk	High	-	-	-	1	N/A
Mobile Working	Satisfactory	-	-	4	1	N/A
Uniform and Equipment	Satisfactory	-	1	5	2	The Uniform and Equipment 'Entitlement List' does not correspond with the items in the inventory. This could result in confusion when ordering items, that is, obsolete items being ordered or delays in processing orders.
Health and Safety	Satisfactory	-	-	7	4	N/A
Service Desk	High	-	-	2	-	N/A
Force Assurance Arrangements for compliance with the Protection of Freedoms Act (2012)	Good	-	-	1	-	N/A
GMP/GMSS Payroll 2018/19	Satisfactory	-	2	4	6	The number of overpayments to existing employees and leaving employees has increased since last year. Common themes for the overpayments are late notification to the GMSS team, which result in overpayment of leave and basic pay etc., and changes in working hours/patterns that have not been notified to

						the team. Audit testing found that a large percentage of notifications during the period December 2018 and January 2019, (42%) were received in the month of leaving or after the person had left. Subsequently an invoice has had to be raised to recover the overpayments.
Software Asset Management	Satisfactory	-	-	8	-	N/A

2018/20 Internal Audit Plan Progress Report

The table below shows progress made in delivery of the 2018/20 Internal Audit Plan.

Key: ○ Not Yet started ⦿ Scheduled ◉ In progress ● Complete

Assurance Theme	Auditable Area	Days	Timing	Scoping	Fieldwork	Draft Report	Final Report	Joint Audit Panel	Comments
Governance	Risk Management	20	Q4	○	○	○	○	○	Approved by the Panel in April 2019
	RIDDOR Reporting	10	Q2/3	●	◉	○	○	○	Approved by the Panel in June 2019
Workforce and People	Health and Safety	25		●	●	●	●	●	Report Issued on 25.03.19
	Provision of Training – 'newly promoted' or 'acting up'	10	Q1	●	●	●	○	○	Draft report sent to the Force on 20.9.19, closeout meeting arranged for 17.10.19
	Specially Trained Officers	15	Q2/3	●	◉	○	○	○	
Assets and Equipment	Uniform and Equipment – issue, returns, monitoring and reporting	20		●	●	●	●	●	Report Issued on 21.03.19
	Management of Specialist Equipment within Serious Crime Division	20	Q1	●	●	●	◉	○	Draft Report sent to the Force on 8.10.19, awaiting confirmation to issue as a final
	Firearms – security, issue and return to Force Armoury	10	Q3	◉	⦿	○	○	○	

Assurance Theme	Auditable Area	Days	Timing	Scoping	Fieldwork	Draft Report	Final Report	Joint Audit Panel	Comments
	Firearms – physical control and storage of firearms held across the Force e.g. in Forensics and Property Stores	20	Q4	○	○	○	○	○	
	Firearms licencing – processes for receiving and approving licence requests	15	Q4	○	○	○	○	○	
Procurement and Contracts	Procurement	25	Q4	○	○	○	○	○	Approved by the Panel in April 2019
Information, Data Governance and Security	Force Assurance Arrangements for compliance with the Protection of Freedoms Act (Biometrics)	5		●	●	●	●	●	Report Issued on 04.07.2019
Change and Transformation	Forensic Digital Investigations	20	Q4	○	○	○	○	○	
	Firearms Regional Training Collaboration	15	Q4	○	○	○	○	○	
Finance	GMP Travel Desk (VFM)	10		●	●	●	●	●	Report Issued 08.03.19
	CTPNW Travel Desk (VFM)	10		●	●	●	●	●	Report Issued 08.03.19
	Payroll	30		●	●	●	●	●	Report Issued 19.07.19
	Use of Agency Staff and Overtime (Serious Crime Division and Specialist Operations Branch)	20	2018/ 19	●	●	●	◉	○	Draft report issued, awaiting operational officers sign off
	Events Planning – Cost	25	Q1/2	●	●	●	◉	○	Draft Report sent

Assurance Theme	Auditable Area	Days	Timing	Scoping	Fieldwork	Draft Report	Final Report	Joint Audit Panel	Comments
	Recovery								to the Force on 8.10.19, awaiting confirmation to issue as a final
Custody and Criminal Justice	Health and Welfare of Detainees in Custody and on Release	20	Q1/2	●	●	●	◉	○	Draft report sent to the Force on 24.9.19, awaiting confirmation to issue as a final
	Disclosure - Compliance	25	Q1/2	●	◉	○	○	○	
	PACE (Police and Criminal Evidence) Beds/Secure Beds for Juveniles	20	Q3/4	◉	⊙	○	○	○	
Performance	Crime Recording	20	Q3	●	◉	○	○	○	
ICT and Information Systems	Mobile Working	10		●	●	●	●	●	Report Issued 18.03.19
	Service Management Platform – Service Desk	10	Q4 2018/ 19	●	●	●	●	●	Report Issued 06.06.19
	Software Asset Management	10	Q4 2018/ 19	●	●	●	●	●	Report Issued 24.07.19
	Cyber Security	15	Q1	●	●	●	◉	○	Draft report sent to the Force on 11.7.19, meeting to discuss scheduled on 29.10.19
	CARE family by Disclosure in	10	Q2/3	●	◉	○	○	○	

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Assurance Theme	Auditable Area	Days	Timing	Scoping	Fieldwork	Draft Report	Final Report	Joint Audit Panel	Comments
	Criminal Records								
	GDPR – an audit of the processes in place to become and maintain GDPR compliance	5	Q4	○	○	○	○	○	
Follow up audits	Seized Cash and Proceeds of Crime	5		●	●	●	●	●	Report Issued 28.01.19
	Police and Crime Commissioning Framework	5	Q1	⊙	○	○	○	○	Covered in PCC Audit
Police and Crime Function	Audit Needs Assessment and Audits	5	Q2	●	●	●	●	●	ANA Exercise completed
	Grants Process – review of the processes for approval, allocation, payment and monitoring of grants	30	Q3/4	⊙	○	○	○	○	

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 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 Joint Audit Panel should approve any significant changes to the plan.

Those areas where reviews are not undertaken due to insufficient resources, will be discussed with management as part of the planning process for 2020/21 and where assurance work is still required it will be considered for inclusion in the internal audit plan for 2020/21.

This Section records all changes to the internal audit plan that was approved on 12th December 2018.

Assurance Theme	Auditable Area	Impact on Audit days	Change requested	Rationale	Approved by Joint Audit Panel
Governance	Risk Management	+20	Joint Audit Panel	Assurance on new arrangements	April 2019
Procurement	Procurement	+25	Joint Audit Panel	Assurance on current arrangements	April 2019
Workforce and People	RIDDOR Reporting	+10	Force – ACO Potts	Assurance on new system	June 2019
Assets and Equipment	Equipment – Fit for Purpose	-20	Head of Audit and Assurance	Re-cast of 2018/20 plan to align with available Internal Audit resource.	
Change and Transformation	Payroll HR Shared Service	-10			
	Change Management Process	-30			
Governance	Governance and Decision Making	-25			
	Organisational Learning	-20			
ICT and Information systems	ICT Systems Health Checks	-5			
	Service Integration and Management	-10			
Information, Data Governance and Security	Human Tissue Act	-5			
	IS Requests for	-25			

	Information				
	Mobile Digital Devices	-20			
	IS Sharing of Information	-25			
	IS Incidents and Breaches	-25			
Procurement and Contracts	Firearms Procurement	-15			
	Contract Management and Monitoring	-30			
Workforce and People	Provision of Training	-25			
	Restricted Duties	-25			
Follow up	Mail and Mailboxes	-5			
PCC	Victims Services	-30			

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GREATER MANCHESTER POLICE

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Report of the Head of Audit and Assurance to the Greater Manchester Combined Authority to the Joint Audit Panel 23rd October 2019

Audit Panel Draft Workplan 2019-20

Overview:

The purpose of this report is to present the proposed work plan for the Joint Audit Panel for 2019/20.

Detail:

The proposed work plan for the Joint Audit Panel for 2019/20 is attached at Appendix A. It is designed to ensure that the Panel is able to effectively discharge its function in line with its agreed terms of reference (Appendix B). The Workplan can be amended and added to during the year as agreed by the Audit Panel.

Risk:

Risk	Mitigation
Panel are unaware of annual core functions and core functions are not carried out	Regular review and revision as necessary.

Recommendations:

Members are asked to approve the draft workplan.

Attachments:

Appendix A - Audit Panel Draft Workplan 2019/20.
Appendix B – Greater Manchester Joint Audit Panel Terms of Reference

Audit Panel Draft Workplan 2019-20

Agenda Item/Issue	January 2020	April 2020	June 2020	July 2020	October 2020	Comments and Lead
Statutory and Corporate Governance						
Chief Constables - Draft Statement of Accounts 2019/20 (including Draft Annual Governance Statement)			✓			To report the Annual Accounts prepared for submission to the External Auditor for review *Assistant Chief Officer*
Chief Constables – Statement of Accounts 2019/20 (including Annual Governance Statement)				✓		To note the amendments made to the draft accounts *Assistant Chief Officer*
Anti-Fraud Policy Review: To include Whistleblowing Policy					✓	*Assistant Chief Officer and Head of Audit and Assurance*
Risk Management						
Risk Management Policy Risk Management Arrangements	✓				✓	To consider the continuing effectiveness of the risk management policy and risk management arrangements *Assistant Chief Officer*
Internal Audit						
Internal Audit Plan 2020/21		✓				To provide the Internal Audit Work Plan for Audit Panel consideration *Head of Audit and Assurance*
Audit Charter Update			✓			Review and refresh Audit Charter *Head of Audit and Assurance*

Audit Panel Draft Workplan 2019-20

Agenda Item/Issue	January 2020	April 2020	June 2020	July 2020	October 2020	Comments and Lead
Final Audit Summary Reports	✓	✓	✓		✓	Copies of audit summary reports circulated to Members at the point audit reports are issued as a final *Internal Audit Manager*
Internal Audit Plan Progress Report	✓	✓	✓		✓	Summary of internal audit activity within the reporting period *Head of Audit and Assurance*
Action Tracker Updates and Post Implementation Review Reports	✓	✓	✓		✓	Update on progress of the Force in implementing agreed actions arising from internal audit reports and findings of audit post implementation reviews *Head of Audit and Assurance*
Head of Internal Audit Annual Opinion and Annual Report			✓			Report of Internal Audit Activity for the year, including the Head of Audit's annual opinion on the Force and the Mayor's Police and Crime Commissioner (PCC) functions systems of governance, risk management and internal control. *Head of Audit and Assurance*

Audit Panel Draft Workplan 2019-20

Agenda Item/Issue	January 2020	April 2020	June 2020	July 2020	October 2020	Comments and Lead
Annual Assessment of the Effectiveness of Internal Audit including Quality Assurance Improvement Programme			✓			To consider the arrangements in place for the delivery of internal audit in line with legislation and Public Sector Internal Audit Standards. *Head of Audit and Assurance*
External Audit						
External Audit Joint Audit Plan		✓				*E xternal Audit (Mazars)*
External Audit Progress Report and Sector Update	✓	✓		✓	✓	*External Audit (Mazars)*
External Audit Findings Report				✓		Report of the External Auditor confirming progress and any issues arising from the audit of the accounts *External Audit (Mazars)*
External Audit Annual Letter					✓ (tbc)	Report from the External Auditor *External Audit (Mazars)*
Police Audit and Other Activity						
Audit and Inspection Activity		✓			✓	To consider reports and recommendations of external audit and inspection agencies and consider their implications for governance, risk management or control *Assistant Chief Officer*

Audit Panel Draft Workplan 2019-20

Agenda Item/Issue	January 2020	April 2020	June 2020	July 2020	October 2020	Comments and Lead
Joint Audit Panel						
Training and Development Sessions	✓	✓	✓	✓	✓	Audit Panel Members Training and Development
Audit Panel Workplan					✓	Proposed Joint Audit Panel Workplan for forthcoming year
Annual Self-Assessment of Panel Effectiveness	✓					To carry out an annual self-assessment on the effectiveness of the Audit Panel
Review Terms of Reference for Audit Panel	✓					Annual review of terms of reference for Audit Panel
Annual Audit Panel Report	✓					Annual report of the work that the Audit Panel have undertaken during the year for submission to the Deputy Mayor for Policing and Crime and the Chief Constable
Hold Private Discussions with Internal Audit		✓				To allow discussion to take place without officers being present
Hold Private Discussions with External Audit		✓				To allow discussion to take place without officers being present

APPENDIX B

GREATER MANCHESTER JOINT AUDIT PANEL
TERMS OF REFERENCE

PURPOSE

To provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes in operation within the Chief Constable's Corporation Sole and the functions of the GMCA responsible for administering the Police Fund (income, expenditure, assets, liabilities).

(NB. for the purposes of this document the term "authority" means the Chief Constable's Corporation Sole and the functions of GMCA responsible for administering the Police Fund).

CORE FUNCTIONS

- To ensure that assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the Chief Constable's objectives;
- To oversee the independence, objectivity, performance and professionalism of the internal audit function;
- To support the effectiveness of the internal audit process;
- To promote the effective use of internal audit within the assurance framework;
- To consider the effectiveness of the authority's risk management arrangements and the control environment;
- To review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations;
- To monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption;
- To receive the reports and recommendations of external audit and inspection agencies and consider their implications for governance, risk management or control;
- To support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process;
- To review the financial statements, external auditor's opinion and report to the authority, and monitor management action in response to the issues raised by external audit.

APPENDIX B

GREATER MANCHESTER JOINT AUDIT PANEL
TERMS OF REFERENCE

REQUIREMENTS

The Panel will:

- Act as the principal non-executive, advisory function supporting those charged with governance;
- Be independent of the executive or operational responsibilities of the Mayor and Chief Constable;
- Have clear rights of access to other committees;
- Report to the GMCA Audit Committee on Police Fund activity and assurance;
- Be properly accountable to the Chief Constables' Executive and GMCA Audit Committee (in relation to the Police Fund);
- Meet at least five times a year, and have a clear policy on those items to be considered in private and those to be considered in public;
- Be able to meet privately and separately with the external auditor and with the head of internal audit (outside of formal, public meetings);
- Include, as regular attendees, the chief financial officer(s) or appropriate senior and qualified substitute, the Chief Constable, the Chief Executive to GMCA, the head of internal audit and the appointed external auditor;
- Have the right to call, as required, any other GMP police officers/staff, GMCA officers, including the Mayor/Deputy Mayor;
- Report regularly on their work, and at least annually report an assessment of their performance.

MEMBERSHIP

The Panel will comprise a maximum of five members including the Chair who are independent of the Chief Constable and the Mayor. The meeting will only be quorate if at least three members are in attendance.

Initial term of office to be 3 years with up to a further 3 years on renewal.

Chair to be agreed by the Chief Constable/Mayor after considering applications for those interested.

SKILLS

To aid the Committee in delivering its purpose all Members will be required to undergo appropriate training which will be funded by the authority.

REVIEW

The Committee will review its terms of reference annually.

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Report of the Head of Audit and Assurance to the Greater Manchester Combined Authority to the Joint Audit Panel 23rd October 2019 Action Tracker

Overview:

The report is intended to inform Members of the progress being made by the Force in the implementation of the agreed actions in the various audit assignments that are undertaken during each financial year.

Detail:

Post Implementation Reviews (PIR's) are undertaken approximately six months after the completion of an audit assignment with the formal issue of an Internal Audit report. They are undertaken on a selected number of audit reviews on the basis of the significance of the agreed actions.

The purpose of the review is to establish whether the agreed actions in the original report have been implemented.

To complement this practice, Internal Audit also maintains an Action Tracker process. This process is informed by updates provided by the Force on the progress that has been made regarding the implementation of the agreed actions arising in the various audit assignments undertaken by Internal Audit.

Current Position:

The updated Action Tracker summary is attached at Appendix A. This analyses the up-to-date position provided by the Force relating to the implementation of agreed actions where the target timescale for implementation is due or has elapsed.

The audit summary shows that of the number of agreed actions that are due to be implemented:

- 4 have been implemented and,
- 9 remain outstanding

Of the outstanding actions:

- 6 are medium priority and
- 3 are efficiency related

A revised target timescale has been provided for each of the outstanding actions and is shown in Appendix A.

Risk:

Risk	Mitigation
Agreed actions to address the issues raised in the areas reviewed not carried out in timely manner.	Ongoing progress monitored and reported.

Recommendations:

Members are asked to review and scrutinise the contents of this report.

Attachments:

Appendix A – Updated Action Tracker Summary

ACTION TRACKER SUMMARY

Audit Title	No. Agreed	No Previously Implemented NLR/Cleared	Not Due	Due	No. Implemented since last Reported	Now Due but not yet Implemented			
						Total	High	Medium	Efficiency
Mobile Working	5	1	3	1	-	1		1 *31.12.19	
Uniform and Equipment	8	3	1	4	1	3		2 *1.11.19 *31.12.19	1 *31.12.19
Health and Safety	11	5		6	3	3		1 *1.11.19	2 *1.11.19
Service Desk	2	-		2	-	2		2 *31.10.19	
TOTAL	26	9	4	**13**	**4**	**9**		6	3

***** Revised Target Timescale

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Annual Audit Letter

Chief Constable of Greater Manchester Police(GMP)

Year ending 31 March 2019

MAZARS

CONTENTS

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Chief Constable and we take no responsibility to any member or officer in their individual capacity or to any third party.
Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

1. EXECUTIVE SUMMARY

Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for the Chief Constable of Greater Manchester Police (the Chief Constable) for the year ended 31 March 2019. Although this letter is addressed to the Chief Constable, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of responsibility	Summary
Audit of the financial statements	Our auditor's report issued on 30 July 2019 included our opinion that the financial statements: • give a true and fair view of the Chief Constable's financial position as at 31 March 2019 and of the expenditure and income for the year then ended; and • have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
Other information published alongside the audited financial statements	Our auditor's report issued on 30 July 2019 included our opinion that: • The other information in the Statement of Accounts is consistent with the audited financial statements.
Value for money conclusion	Our auditor's report concluded that we are satisfied that in all significant respects, the Chief Constable has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.
Statutory reporting	Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Chief Constable.

2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements	**Unqualified**

The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Chief Constable and whether they give a true and fair view of the Chief Constable's financial position as at 31 March 2019 and of the financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our auditor’s report, issued to the Chief Constable on 30 July 2019, stated that, in our view, the financial statements give a true and fair view of the Chief Constable's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) because of the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements and we call this our trivial threshold.

The table below provides details of the key materiality levels applied in the audit of the financial statements for the year ended 31 March 2019:

Financial statement materiality	Our financial statement materiality is based on 1.5% of Gross Operating Expenditure	£11.882m
Trivial threshold	Our trivial threshold is based on 3% of financial statement materiality.	£0.356m

Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Chief Constable's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Joint Audit Panel within the Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Identified significant risk	Our response	Our findings and conclusions
Management override of controls Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	We addressed this risk by performing audit work in the following areas: • accounting estimates impacting on amounts included in the financial statements; • consideration of identified significant transactions outside the normal course of business; and • journals recorded in the general ledger and other adjustments made in preparation of the financial statements.	We have not identified any significant matters arising from our testing of the risk of management override of controls.
Defined benefit liability valuation The financial statements contain material pension entries in respect of retirement benefits for both the Police Officer Pension Scheme and the Local Government Pension Scheme. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.	We have: • identified and assessed the controls put in place by management to ensure that the pension fund liability is not materially misstated; • evaluated the competence, expertise and objectivity of the actuaries who carried out your pension fund valuations.; • Considered the reasonableness of the actuaries outputs, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office; and • checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports from your actuaries.	In late June 2019 two Legal rulings in respect of guaranteed minimum pension equalisation and the McCloud judgment relating to transitional provisions created additional defined benefit liabilities. These were not taken into account in the actuarial estimates of the defined benefit liability. To determine the significance of the changes on the reported pension liabilities, management requested updated actuarial assessments. This created a material adjustment to the defined benefit liability that was reported in the financial statements.

3. VALUE FOR MONEY CONCLUSION

Value for money conclusion	Unqualified

Our audit approach

We are required to consider whether the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

Significant audit risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to our value for money conclusion exists. Risk, in the context of our work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place being inadequate. In our Audit Completion Report, we reported that we had identified two significant audit risks. The work we carried out in relation to significant risks is outlined below and overleaf and our auditor's report, issued on 30 July 2019, stated that, in all significant respects, the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31st March 2019.

Risk

Financial Sustainability

The financial position that Greater Manchester Police faces continues to be challenging in 2018/19 and beyond. The Police grant for 2018/19 remained at the same level as that received in 2017/18 with no additional funding to support increasing costs and demands on police services Consequently, the revenue budget set out a savings requirement for 2018/19 of £10.9m with a further reduction of £66m by 31 March 2023.

The position has been exacerbated by the impact of the HM Treasury Valuation Directions on unfunded public sector pension schemes that has added £14.1m to employer contributions for 2019/20. Additional funding has been made available in 2019/20 to cover this additional cost however, only £6.6m is non recurrent.

Findings

The Chief Constable has a track record of achieving required savings and between 2011/12 and 2017/18 some £204m of savings have been delivered. The 2018/19 revenue budget reflected the challenge of no additional funding despite increasing costs and additional demands. While Police and Crime Commissioners were able to increase precept, the Government retains control by setting precept limitation rules.

The budget included a cost reduction requirement of £10.9m and plans were made for delivery. Our review of financial monitoring confirmed that throughout the year there was thorough and regular review with monthly reporting to the Chief Officer Group. The reports provide a detailed update covering both capital and revenue that set out both the current position and a projected position at the year end. GMP again delivered a balanced budget for 2018/19 with staff pay related overspends offset by underspends achieved in other areas.

(Continued overleaf)

3. VALUE FOR MONEY CONCLUSION

Findings

Longer term-Medium Term Financial Planning

The Chief Constable continues to take a longer term view of financial challenges and continues to maintain a Strategic Financial Outlook (SFO) that is updated and rolled forward regularly and currently covers the period 2019/20–2021/23. However, the settlement for the police grant is annual which makes medium term planning more challenging. The SFO sets out the governance arrangements that are in place to help deliver financial sustainability and is based on best and most up to date information. This arrangement is limited because some information needs to be confirmed in the next Comprehensive Spending Review (CSR), so funding projections beyond 2019/20 assume a continuation of flat cash settlements but with a return to 2% p.a. precept increases. This results in a further savings requirement of £66m for the period 2019/20 to 2022/23 The SFO articulates that future decisions to implement a new Funding Formula and the unknown economic impact of Brexit only add to the uncertainty regarding future funding levels.

Further savings of £66m are required over the next four years including £7m in 2019/20, £25.8m in 2020/21 and £18.3m in 2021/22 and £14.5m in 2022/23. To date total savings have been identified of £40.8m of the total requirement of £66m with the majority of savings understandably predicated on a review and profile of expected retirements and projected staff turnover.

Reserves and balances

The reserves position is complicated by responsibility for maintenance and application of reserves resting with the Mayor rather than the Chief Constable. The Mayor both holds reserves and determines how they maybe applied. This clearly limits the ability of the Chief Constable to undertake longer term financial planning and the SFO savings identified does not require the use of reserves to achieve the necessary financial position. As at 31 March 2019 GMCA held £76.1m within the "Mayoral Police Fund Reserves" compared to £75.6m as at 31 March 2018.

The s151 officer recognises the risk that uncertainty over future precept levels and the continued commitment to their increase is in the hands of the Mayor rather than being a GMP decision and GMP needs to continue to work with the Mayor to establish a confirmed approach.

Conclusion

Our work on financial sustainability has concluded that GMP has appropriate financial arrangements in place while continuing to operate in a very challenging financial environment. On that basis we concluded that the risk was sufficiently mitigated and the Chief Constable has proper arrangements in place.

3. VALUE FOR MONEY CONCLUSION

Risk

IS Transformation

The Chief Constable and the Chief Officer's Group (COG) have developed a Target Operating Model (TOM) for the future delivery of policing services. The IS transformation programme (ISTP) is a key element of the change agenda that GMP is pursuing under the TOM that is designed to fundamentally change the operational policing model. iOPS forms the main part of the ISTP and its implementation date has been subject to a number of delays with an anticipated "go live" date yet to be confirmed.

Findings

The Chief Constable has been working to deliver a number of transformational projects that are designed to meet the evolving challenges that the Police service faces. The iOPs project is central to this aim and Its implementation will replace all operational legacy systems with one integrated system, allowing for cradle to grave operational policing. Since inception, the iOPS project has been subject to a number of changes to the original scope to overcome operational challenges and to enhance the specific functionality of the programme and this has contributed to significant delays to the planned "go live" date.. The view of the Chief Constable remains that under the terms of the contract certain additional costs incurred as consequence of the project delays will be recovered.

Arrangements to oversee delivery and progress

To oversee the delivery of IST programme the Chief Constable established a number of arrangements that included a number of Project Boards and a Programme Board which maintain governance and oversight. The iOPs Project Board meets weekly and discusses the general maintenance of the project. and escalates additional cost approvals or project changes upwards to the Programme Board for consideration. The Programme Board has broader oversight of the overall programme, and has the authority to approve changes to finance or structure. This Board is chaired by an ACC and meets monthly, or sooner if there are exceptional matters to be dealt with promptly.

We understand that this governance structure has been in place since the outset of the ISTP and will continue to be in place following the successful delivery of the programme.

Frequency of updates and monitoring of the risk and issues register

The risk and issues register is updated once a fortnight and is reviewed by members of the Senior Leadership Team. The risk register and monitoring processes have been set up to follow the programme delivery framework with issues coded in terms of impact (high/medium/low) and response, with the date of the last review being recorded in the register.

Financial monitoring

There is a dedicated Finance Manager in place to oversee delivery of the ISTP programme who supports regular and comprehensive financial monitoring and reporting. Budgetary reporting is currently monthly but has been applied flexibly to ensure more regular financial reporting was conducted as and when needed. The Finance Manager sits on the Project Board and reports to the Programme Board. Costs of the project are subject to Programme Board approval. We have reviewed and verified the frequency of financial reporting and conclude it is appropriate in scope and detail. Review of the June 2019 financial monitoring report for ISTP confirmed that the cumulative budget position over the various capital and revenue budget elements of the project is a £528k adverse variance across a full ISTP budget of some £71.2m.

Conclusion

Our review has confirmed that appropriate operational and governance arrangements were in place to oversee implementation of the ISTP including iOPS.

4. OTHER REPORTING RESPONSIBILITIES

Exercise of statutory reporting powers	**No matters to report**
Other information published alongside the audited financial statements	**Consistent**

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Chief Constable's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

Matters on which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these statutory reporting powers.

Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Chief Constable. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.

5. OUR FEES

Fees for work as the Chief Constable's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Audit Panel in January 2019.

Having completed our work for the 2018/19 financial year, we can confirm that our final fees are as follows:

Area of work	2018/19 proposed fee	2018/19 final fee
Delivery of audit work under the NAO Code of Audit Practice	£42,000	£42,000

Fees for other work

We confirm that we have not undertaken any non-audit services for the Chief Constable in the year.

6. FORWARD LOOK

Financial outlook

The Chief Constable is well aware of the future financial challenges and the Strategic Financial Outlook (SFO) is updated and rolled forward regularly and currently covers the period 2019/20–2021/23. The SFO is refreshed and updated for known pressures, events and assumptions as part of the annual budget setting process. The plan covers the period 2019/20 to 2022/23 and sets out a requirement for further savings of £66.6m by 31 March 2023 with savings of £40.8m identified to date.

The Home Office has indicated that it may review the Police Funding Formula in the near future and this could have an adverse impact on the overall funding available. This would place further pressure on the SFO and work will continue to identify specific areas in where expenditure may be reduced.

Operational challenges

During 2018/19, the Chief Constable was subject to a HMICFRS PEEL inspection resulting in the following assessments:

- the extent to which the force is effective at reducing crime and keeping people safe **requires improvement**.
- the extent to which the force operates efficiently and sustainably **requires improvement**.
- the extent to which the force treats the public and its workforce legitimately is **good**

The Chief Constable faces the challenges of working to address the issues identified alongside finding required savings while tackling increasing demands. In order to meet these challenges, the Chief Constable will require continued good governance and strong risk and project management arrangements and this is recognised within the 2018/19 Annual Governance Statement.

How we will work with the Chief Constable

In terms of the technical challenges around the production of the statement of accounts, we will continue to offer accounting workshops to finance officers, and the audit team will continue to work with them to share our knowledge of new accounting developments. We will also be on hand to discuss any issues as and when they arise.

We will also share relevant insights that we have as a national and international accounting and advisory firm with experience of working with other public sector and commercial service providers.

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