



# Cambridgeshire & Peterborough Combined Authority

## Internal Audit Progress Report

**8 September 2023**

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# 1 Key messages

The internal audit plan for 2023/24 was approved by the Audit and Governance Committee at the June 2023 meeting. We also have two reports from the 2022/23 internal audit plan. We will continue to work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

This report provides an update on progress against the 2023/24 plan and summarises the results of our work to date. It also provides an update on the remaining 2022/23 reports.

## 2022/23 Internal Audit Delivery



Since the last meeting we have issued one further report in final (**Affordable Housing Grant Programme 4.22/23**).

One report (**Core Control Framework – Treasury Management and Accounts Payable**) remains in draft and we are working with management to finalise this report and agree the action plan. Full details are shown in **Appendix A** below.

[\[To note\]](#)



## 2023/24 Planning and Delivery

The internal audit plan for 2023/24 was agreed at the June 2023 Audit and Governance Committee meeting. We have agreed most of the fieldwork dates and assignment plans for the audits in the plan.

We have issued one final report for 2023/24 (**Budget Setting and Budgetary Control 1.23/24**).

Fieldwork dates have been agreed for the majority of the remaining reviews and we have issued a number of draft assignment planning sheets which are under management consideration. The reviews for 2023/24 are included in our schedule below in **Appendix B**.

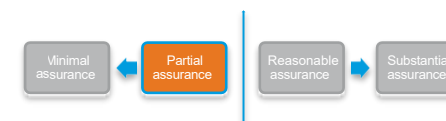
[\[To note\]](#)

## 2 Reports

### 2.1 Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
<b>Affordable Housing Grant Programme 4.22/23</b>	Partial Assurance	0	3	0
<p>We found that the controls in place in relation to the receipt of formal applications, assessment of eligibility, submission of business cases, authorisation of the grants and Governance reporting of the grants were found to be well designed and complied with. However, we found control weaknesses regarding compliance with the control framework for which we have agreed three medium priority management actions.</p> <p>Specifically, these weaknesses were in regard to an absence of evidence for the recording and retention of due diligence checks on developers, an absence of recorded approval for claim forms and an inconsistency in the receipt of progress reports from developers as well as documentation of site visits retained.</p> <p>We also found that the CPCA Procedure for Grant Applications and Approvals document that outlines the main criteria and process for grant approval did not have a date when it was next due for review and there was no evidence it had been through a formal approval process. Clearly in view of there not being any more anticipated applications, we identified the finding as a medium priority control weakness at the time of the review but have not agreed a management action and findings have been reported for information.</p>				





Assignment

Opinion issued

Actions agreed

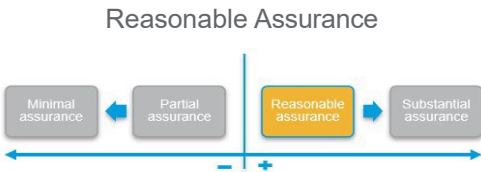
L M H

Budget Setting and Budgetary Control 1.23/24

Our review found that overall, controls were well designed and complied with in practice. We did note from a positive perspective that there was significant challenge and scrutiny surrounding the formation and performance of various budgets in the 2022/23 financial year across the CA and that material variance forms were being utilised as intended. We also noted that both virements had been formally approved by CAB and that figures reported throughout the CA reconciled back to source data. In addition, meeting forums reviewed evidenced that there was established budgetary control reporting and oversight over the 2022/23 budget.


However, we did identify areas of control weakness for which management actions have been agreed. Specifically, these weaknesses related to an absence of comprehensive guidance documentation to staff on the expected budget setting and budgetary control processes, and a full formally structured training programme for those involved in the 2023/24 budget processes. Records of this training also been to be held. Furthermore, the 2023/24 budget had only just been uploaded to Agresso at the time of the audit review (June 2023) leading to an absence of financial reporting for 2023/24.

There was also an inconsistency in approach and documentation of key discussion between Finance Leads and Budget Holders during the budget setting process. Furthermore, a risk-based approach to review budgetary performance to facilitate effective planning for forthcoming financial years had not been applied (to ensure Directorates with high spend were prioritised). A significant amount of slippage was reported for periods of 2022/23, albeit the Finance team and wider organisation has started to get a grip on and address the slippage. For a number of these areas we agreed low priority management actions to enhance the control framework. We also shared a questionnaire with staff where we have noted several areas for the CA to consider when enhancing existing processes in place.




4 1 0

## Appendix A – Progress against the remaining internal audits 2022/23

Assignment	Timing / Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Affordable Housing Grant Programme		0	3	0	July 2023	September 2023
Core Control Framework	Draft report issued 16 May 2023				July 2023	-

## Appendix B – Progress against the internal audit plan 2023/24

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC / Fieldwork start date	Actual AGC
		L	M	H		
Budget Setting and Budgetary Control		4	1	0	September 2023	September 2023
Key Financial Controls	Scope agreed				11 September 2023	
Risk Management	Scope agreed				25 September 2023	
Governance - Improvement Plan	Scope agreed				25 September 2023	
Business Continuity Planning	Scope agreed				23 October 2023	
Project Planning and Delivery – Improvement Plan	Scope agreed				30 October 2023	
Strategic Planning	Scoping in progress				21 November 2023	
HR Digital Processes	Scoping in progress				01 December 2023	
Subsidiary Company Governance	Scoping in progress				13 December 2023	
IT Audit	Scoping in progress				05 February 2024	



## Appendix C – Other matters

### Changes to the audit plan

We have agreed a number of changes in the plan in terms of fieldwork timeframes. These include:

- Key Financial Controls audit fieldwork being pushed back from August to September 2023.
- Risk Management audit fieldwork being pushed back from 11 to 25 September 2023.
- Business Continuity Planning audit fieldwork being push back from July to October 2023.
- HR Digital Processes has been pushed back from September to December 2023
- Governance (Improvement Plan) has been brought forward from October to September 2023.
- Subsidiary Companies has been brought forward from January 2024 to December 2023.

### Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

### Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attach a brief survey for the client lead to complete. We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each review (current option).
- Monthly / quarterly / annual feedback request.
- Executive lead only, or executive lead and key team members.





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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Cambridgeshire & Peterborough Combined Authority, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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