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| AUDIT AND GOVERNANCE COMMITTEE | AGENDA ITEM No: 8 |
| 16 DECEMBER 2019 | PUBLIC REPORT |

INTERNAL AUDIT: PROGRESS REPORT 2019 / 2020

1.0 PURPOSE

- 1.1. Internal Audit provide assurance to the Audit and Governance Committee that activities undertaken across the Combined Authority are appropriately managed, monitored and delivered in accordance with set governance, controls and risk management frameworks. This report provides details of the progress made in delivering the approved Audit Plan for 2019 / 2020, together with details of those audits from the previous years which were being finalised at the time of the last Audit and Governance Committee.

| <u>DECISION REQUIRED</u> | |
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| Lead Officer: | Steve Crabtree, Peterborough City Council |
| The Audit and Governance Committee is recommended that the progress report from Internal Audit is considered. The Audit and Governance Committee is recommended to consider and challenge the emerging themes identified to date for audit coverage | |

2.0 BACKGROUND

- 2.1. In March 2019 Audit and Governance Committee discussed and agreed the Internal Audit Plan for 2019 / 2020. This covered works for 150 days.
- 2.2. In accordance with the agreed work programme for Internal Audit, the reports provide an independent and objective opinion on the Combined Authority's effectiveness in managing risk management, governance and the control environment.
- 2.3. All reports will also feed into the Internal Audit annual report that will be prepared at the end of the financial year. The Annual Report will provide an overall audit opinion on the adequacy and effectiveness of the governance, risk management and internal control processes, based upon the outcome of the reviews completed during the year. This opinion can then be used to feed into the

Combined Authority's Annual Governance Statement that accompanies the Annual Statement of Accounts.

- 2.4. **Appendix 1** provides commentary of progress made against the plan together with emerging themes for future audit activity. Key information for Members is the marked improvement in the delivery of effective recruitment and selection. The previous corporate governance review in 2018 / 2019 identified this as an area where No Assurance could be established. Following up on this area as a matter of urgency the controls and processes in place have been reassessed as Reasonable Assurance.
- 2.5. Audit activity is scheduled throughout the remainder of the financial year and details of timelines are provided for information.
- 2.6. At the last meeting, discussions were held in relation to protocols for agreeing Audit Plans; making amendments or seeking additional resources. The audit provision is provided by Peterborough City Council via a service level agreement and in line with best practice guidelines our audit approaches are set out in an Audit Charter. This is provided for Members information in **Appendix 2**.

3.0 FINANCIAL IMPLICATIONS

- 3.1. The cost of undertaking Internal Audit activities is contained within the Combined Authority's budget and are set out in a Service Level Agreement. Any increase in the required audit coverage will need to be agreed with Peterborough City Council (as the current audit provider) on an ongoing basis.

4.0 LEGAL IMPLICATIONS

- 4.1. The Accounts and Audit Regulations 2015, Regulation 5, requires a relevant organisation to undertake an effective internal audit to evaluate the effectiveness of its risk, control and governance processes, taking into account public sector internal auditing standards or guidance.

5.0 SIGNIFICANT IMPLICATIONS

- 5.1. There are no direct wider CPCA implications arising from this report.

6.0 APPENDICES

- 6.1. Appendix 1: Internal Audit Progress Report
- 6.2. Appendix 2: Internal Audit Charter (Peterborough City Council: March 2019)

| <u>Source Documents</u> | <u>Location</u> |
|-------------------------|-----------------|
| List background papers: | |