



# Cambridgeshire & Peterborough Combined Authority

## Internal Audit Progress Report

**8 March 2024**

This report is solely for the use of the persons to whom it is addressed.

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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 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.

## 2023/24 Planning and Delivery

We have issued three final reports from 2023/24 since the January 2024 Audit and Governance Committee for 2023/24:



- **Key Financial Controls – General Ledger and Income and Debtors (3.23/24)**
- **Business Continuity Planning (5.23/24)**
- **Strategic Planning (7.23/24).**

The Subsidiary Governance audit has also been issued in draft.

The full update in regard to the 2023/24 plan and schedule of work is included below in **Appendix A**.

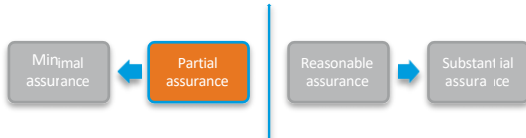
**Additional work finalised by Internal Audit** - Outside of the annual internal audit plans, we were also commissioned to undertake the following three reviews and final reports have been issued for all three reviews. A number control design and compliance weaknesses were identified in these reviews, and a number of recommendations and management actions were agreed to address these issues.

- Review of Mayor's Expenses Stage
- Analysis of Government Procurement Card Expenditure and Expenses – Deep Dive
- Data Leak Investigation Report

## 2 Finalised 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 held in January 2024

Assignment	Opinion issued	Actions agreed		
		L	M	H
<b>Key Financial Controls – General Ledger and Income and Debtors</b>	<b>Partial Assurance</b>	4	5	0
<b>General Ledger</b>				
<p>We confirmed through our review that the Authority has an approved and up to date Financial Regulations to control the CA’s financial matters. Additionally, we also noted an area of effective control design and compliance relating to the CA’s month-end timetable.</p> <p>However, we identified control weaknesses for which management actions have been agreed. Specifically, we found lack a of guidance documentation for General Ledger processes, including for the setting up and removing users, the creation, suspension, and closure of cost centres, or month-end processes such as control and bank account reconciliations. We also noted a lack of independent review and approval of new cost centres, journals, and month-end control account reconciliations and the Authority’s 2023/24 SLA with PCC had not been signed.</p>				
<b>Income and Debtors</b>				
<p>We confirmed through our review that the Authority has generally well-designed and consistently applied controls relating to requesting and approving sales journals and credit notes. Additionally, we identified that the responsibility of reviewing the Authority’s financial affairs had been delegated to the Audit and Governance Committee.</p> <p>However, we identified weaknesses in relation to the Authority’s Finance Process and Procedure document being out of date and not reflective of the current sales invoice process in place and the absence of a formalised procedure document for chasing and managing aged debts. We also</p>				



Assignment

Opinion issued

Actions agreed

L M H

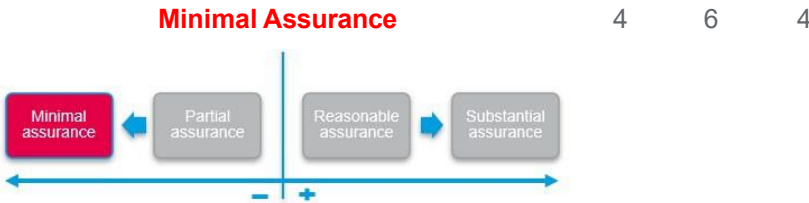
noted the Finance team were in the process of validating the level of debt (and supporting information) held in the old Sales Invoice Register. The debt outstanding was c£536k (excluding invoices to subsidiary companies), although we were not provided details of the debts and the aged debt profile at the time of the review. We have therefore agreed an action in relation to the review of this debt and supporting information.

Business Continuity Planning 5.23/24


Throughout our review, we identified significant control issues in regard to the CA's business continuity and disaster recovery arrangements. However, it is important to note that the CA had engaged with RSM to provide this review, aware that there were areas that required improvement as the Council moves from historically being a commissioning organisation. Since the CA have begun to operate more business-critical services, business continuity arrangements have become more of a priority and the Authority will need to consider resourcing over the longer term. We note that the CA are aware that the business continuity and disaster recovery processes were a work in progress, however, significant and timely action is needed to ensure that control processes are defined, tested and embedded.

Specifically, we identified that CA's Business Continuity Plan, the Business Continuity Policy, Information Security Event Assessment Procedure and Serious Incident Procedure had not been subjected to formal approval, there were inconsistencies in uploads to SharePoint, the Information Security Event Assessment Procedure only provided a framework to respond to IT events and was not a defined recovery plan, and links between the CA's plans and its local partners were yet to be established.

Additionally, the ICT Support Services Contract with Socitm did not outline the roles and responsibilities for business continuity, a dedicated business continuity and disaster recovery planning group had not been established, and communication plans had not been shared with staff. We also found that test plans did not consider multiple scenarios which could threaten business continuity, plans which had been developed had not actually been tested, training was





Assignment	Opinion issued	Actions agreed		
		L	M	H
<p>yet to be shared with relevant stakeholders, and gaps were noted in regard to the completion of Business Impact Questionnaires and Business Impact Analysis' documentation.</p> <p>Finally, we found that the Business Continuity Policy describes the key role that the Emergency Planning Manager has, however the CA had not appointed an Emergency Planning Manager at the time of the review.</p>				
<p><b>Strategic Planning 7.23/24</b></p> <p>Overall, we found controls in place to be well designed and complied with in practice. The Authority has ensured appropriate engagement and consultation with stakeholders, established a robust process for review of its Corporate Strategy and is aligning this refreshed strategy with its MTFP, setting out a draft timeline and process for this refresh. The Authority has developed a Quarterly Performance Report for reporting on progress against the Corporate Strategy periodically, and can demonstrate it has developed a Performance Management Framework and Single Assurance Framework, building on requirements required as part of the Improvement Plan. We additionally found that various forums are in place that meet regularly to consider progress, or provide a forum for early engagement, and to provide assurance. However, we found that these forums lack Terms of Reference; specifically these include the Strategic Planning Working Group, CMT,CACEG and the LSM.</p> <p>We additionally identified weaknesses with respect to the Directorate Business Plans (DBPs) where it was found that a regular and formal process to report on progress internally had not been put embedded during 2023/24, and the plans were not consistently supported by detailed delivery plans such as Gantt charts, plans were not evidenced as approved by CMT or an alternative governance forum, and some of the details in the plans were not fully complete. Additionally, our observation is that evidence is required to provide assurance that DBPs are signed off by Executive Directors, who must demonstrate ownership and accountability for the plans in their respective areas.</p>	<p><b>Reasonable Assurance</b></p> 	4	4	0

## Appendix A – Progress against the 2023/24 Internal Audit Programme

There have been **three further 2023/24 reports** finalised since the previous Committee meeting held in January 2024, as highlighted in **bold** below. We also include an update on the remainder of the programme.

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Budget Setting and Budgetary Control 1.23/24	Final Reasonable Assurance	4	1	0	September 2023	September 2023
Governance - Improvement Plan 2.23/24	Final Reasonable Assurance	2	1	0	November 2023	November 2023
Risk Management 4.23/24	Final Reasonable Assurance - Control Design Partial Assurance - Control Compliance	3	1	1	January 2024	January 2024
Project Planning and Delivery - Improvement Plan 6.23/24	Final Reasonable Assurance	3	1	0	March 2024	January 2024
Key Financial Controls 3.23/24	Final Partial Assurance	4	5	0	March 2024 (was January 2024)	March 2024
Business Continuity Planning 5.23/24	Final Minimal Assurance	4	6	4	March 2024	March 2024



Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Strategic Planning 7.23/24	Final Reasonable Assurance	4	4	0	March 2024	March 2024
Subsidiary Company Governance	Draft report issued				June 2024	
Procurement – Improvement Plan (replaces HR Digital Processes)*	Fieldwork in progress				June 2024	
Follow Up (of previous management actions)	8 March 2024				June 2024	
IT Audit	2 April 2024				June 2024	

\* Please see Appendix B - Changes to Internal Audit Plan





## Appendix B – Other matters

### Changes to the audit plan

There has been one change requested to the Internal Audit Plan for 2023/24 since the last Audit Committee Meeting in January 2024. This relates to replacing the **HR Digital Processes** audit with an assurance review into the **Procurement** workstream of the **Improvement Plan**, as requested by the Executive Director of Resources and Performance. The fieldwork period for this assignment has commenced.

### Previous change reported to the last Audit Committee

**HR Digital Processes** – The Executive Director for Resource and Performance had requested to replace the HR Digital Processes audit due to the Authority currently in the process of commencing the procurement of a replacement system for Citrus HR. The view was taken that auditing the Citrus HR system at this stage would not prove beneficial due to known issues and weaknesses with the system, which have led to this replacement exercise.

### Annual Opinion 2023/24

The Audit and Governance Committee should note that the assurances given in our audit assignments are included within our Annual Report. In particular, the Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion (this includes follow up reviews, assurance opinions and advisory reviews with any significant weaknesses).

We have issued seven final reports to date (with another four reports to contribute to our opinion). Three of these reports provide a positive assurance rating, one providing a split opinion of reasonable (design) and partial (compliance) on the Risk Management audit. A further three negative opinions have been issued which will impact our year end opinion. We will provide further updates to the Executive Director for Resources and Performance at our regular meetings as the remaining four draft reports are issued and finalised. We will also update the Committee at the next meeting in June 2024. These updates will take into account the reviews from the remainder of the programme (when complete and finalised) and will also consider other relevant factors (for example, the ongoing best value notice).



## 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.



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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.

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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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