

**APPENDIX 1**

## **ANNUAL INTERNAL AUDIT OPINION 2019 / 2020**

**ANNUAL REPORT**

1. Introduction
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This report has been prepared for the use of Members and management of the Cambridgeshire and Peterborough Combined Authority. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed Internal Audit plan.

## **1. INTRODUCTION**

1.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Audit and Governance Committee, Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives. This report is the culmination of the work during the course of the year and seeks to provide an opinion on the adequacy of the control environment and report the incidence of any significant control failings or weaknesses.

1.2 Internal Audit services are provided by Peterborough City Council (PCC) to the CPCA via a Service Level Agreement. The UK Public Sector Internal Audit Standards (PSIAS) states that the Chief Audit Executive<sup>1</sup> (CAE) must produce an annual report that can be used to inform the Annual Governance Statement, which forms part of the Council's accounts. It must include an opinion on the overall adequacy of the governance, risk and control framework; a summary of the work from which the opinion is derived and a statement on conformance with the PSIAS. This report, the Annual Audit Opinion, fulfils these requirements.

## **2. ARRIVING AT AN OPINION**

### **2.1 Background**

2.1.1 The opinion is derived from work carried out during the year, as part of the agreed Internal Audit Plan for 2019 / 2020. The Plan was developed primarily to provide management with independent assurance on the adequacy and effectiveness of the system of internal control. We have conducted our work both in accordance with the mandatory standards and good practice within the Code of Practice and additionally from our own internal quality assurance systems. Our opinion is limited to the work carried out by Internal Audit but, where possible, we have considered the work of other assurance providers, such as External Audit; quality accreditation or other pieces of consultancy or third-party works designed to alert the CPCA to areas of improvement.

### **2.2 Risk Based Planning**

2.2.1 A risk based approach is used to develop the Annual Plan, allowing us to direct resources at areas key to the organisation's success and to provide an opinion on the control environment as a whole. Examples include:

- Governance reviews, including a review of key assurance frameworks and the Annual Governance Statement;
- Contract, procurement, performance and project and service delivery audits; and
- Fraud risks

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<sup>1</sup> The Chief Audit Executive at Peterborough City Council is the Chief Internal Auditor

## 2.3 The Audit Review

### 2.3.1 for each Internal Audit review:

- The control and risk environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to establish an opinion on the adequacy of the control framework in place and any control gaps.
- However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls operate in practice. This element of the review enables Internal Audit to form a view on the extent of compliance with the controls.

## 2.4 Reporting

### 2.4.1 Where appropriate, each report we issue during the year is given an overall opinion.

2.4.2 Certain pieces of work do not result in an audit report with an opinion – such as grant reviews. However the certification of grant work should indicate that at the point of approval, information being submitted to external organisations / government bodies meets required criteria. The assessment from each report, along with our consideration of other audit work, is used to formulate the overall Opinion.

Opinion / Assurance	Description
SUBSTANTIAL	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There is some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
REASONABLE	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
LIMITED	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.

NO	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.
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2.4.3 Based on the works undertaken, recommendations may be identified to improve the control environment.

Grade	Description
CRITICAL	Fundamental control weakness that jeopardises the complete operation of the service. <b>TO BE IMPLEMENTED IMMEDIATELY.</b>
HIGH	Major control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency. <b>To be implemented as a matter of priority.</b>
MEDIUM	Moderate control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority. <b>To be implemented at the first opportunity.</b>
LOW	Minor control weakness, which, if corrected, will enhance control procedures that are already relatively robust. <b>To be implemented as soon as reasonably practical.</b>

2.4.4 The Internal Audit team follows a prescribed format which is set out within its adopted Audit Charter which is reviewed annually by PCC's Audit Committee and was last reviewed in March 2020. This can be provided for Member information if required and is available on the Councils website.

### 3. OPINION 2019 / 2020

3.1 In line with PSIAS and prior best practice we are required to provide an opinion on the adequacy and effectiveness of the CPCA's governance, risk management and control processes. In giving our opinion, it should be noted that assurance can never be absolute. The most that Internal Audit can provide is reasonable assurance that there are no major weaknesses in the CPCA's governance, risk management and control processes. We have taken into account:

- Assessed the quantity and coverage of internal audit work against the 2019 / 2020 internal audit plan to allow a reasonable conclusion as to the adequacy and effectiveness of the CPCA's risk management control and governance processes;
- Reviewed the reports from the reviews undertaken during the year by Internal Audit and other assurance providers where appropriate;
- Any follow up action taken in respect of audits from previous periods;
- Considered any significant actions not accepted by management and the consequent risks;
- The extent to which any resource constraints may impinge on the ability to meet the full audit needs of the CPCA;
- Considered the effects of significant changes in the CPCAs objectives or systems and the requirement for Internal Audit involvement;
- Reviewed and considered matters arising from reports to CPCA committees and the Board; and
- Considered whether there were any limitations which may have been placed on the scope of Internal Audit.

3.2 Following consideration of the above I am able to provide the following opinion for 2019 / 2020:

***I am satisfied that sufficient quantity and coverage of Internal Audit work and other independent assurance work has been undertaken to allow me to draw a reasonable conclusion on the adequacy and effectiveness of the Authority's risk management, control and governance processes. In my opinion the CPCA has adequate systems of internal control in place to manage the achievement of its objectives. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.***

***Notwithstanding my overall opinion, Internal Audit's work identified a number of opportunities for improving control procedures which management has accepted and are documented in each individual audit report.***

***Chief Internal Auditor, July 2020***

## **4. DELIVERY OF THE ANNUAL PLAN**

### **4.1 Scope**

4.1.1 The audit work that was completed for the year to 31 March 2020 is detailed below. As part of the audit work there could be areas of scope limitation or impairment. PSIAS states that the CAE should disclose any impairments or restrictions to the scope of Internal Audit work. The Internal Audit Charter sets out our remit and authority to have full, free and unrestricted access to any of the records, assets and people. This includes access to organisations where data is processed as part of a contractual arrangement. It is also demonstrated in the Service Level Agreement with the CPCA.

4.1.2 In line with the PSIAS, we have a process for team members to declare any interests that may impact on the impartiality of our work. I can confirm that all declarations have been made as necessary, and no conflicts have occurred during 2019 / 2020 that have impaired the work carried out at CPCA.

4.1.3 Where the CAE has roles or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity. The CAE manages the Insurance and Investigations teams at Peterborough and acts as a reserve approver for payments from the CPCA and PCC's bank accounts. The Audit Charter states that, should we carry out an audit of these areas, the work will be quality assured independently from the CAE. There were no audits undertaken during the year which impacted on independence.

### **4.2 Service Provision**

4.2.1 Internal Audit has to comply with the UK PSIAS and Local Government Application Note. An external assessment of the service was carried out in March 2018 and a final report was received in November 2018 setting out that the service was fully compliant.

4.2.2 Resources utilised during the year have been spread across the team and has included the Chief Internal Auditor, Group Auditors, Principal Auditor and Senior Auditor.

### **4.3 Audit Coverage**

4.3.1 The original plan approved in March 2019 highlighted coverage based upon 150 days. All audits identified have been completed and detailed overleaf. These include a number of audits which rolled over from the previous year together with following up of previous reports to ensure that actions proposed had been addressed.

#### 4.4 Audits 2018 / 2019 Carried Forward

##### 4.4.1 **PROJECTS: East Cambridgeshire Trading Company Loan**

The Audit Plan included a review of the loan of £6.5m to ECTC, approved at the March 2018 board meeting. This was later extended to include the loan of £24.4m, which was approved in November 2018, at the request of the Audit and Governance Committee. Both loans are for housing projects (at Haddenham and Ministry of Defence land at Ely) falling under the Affordable Homes Programme. The purpose of the audit was to evaluate the processes that ensure:

- monies have been awarded in line with the aims of the Affordable Homes Programme, Housing Strategy and any central funding requirements
- the governance outlined in the Assurance Framework has been applied (in terms of awarding, monitoring and evaluating the outcomes of the funding)

Activity Level	Assurance	Critical	High	Medium	Low	Total
EC Trading Company Loan	REASONABLE	-	1	3	1	5

A key finding related to how projects are appraised against relevant criteria to ensure that they meet with the aims of the Combined Authority (CA), and also how this appraisal is communicated to those approving the award of loans. Whilst considerable thought has been given to this aspect, there is not a quantitative methodology in place that can be used to determine the fit of a project against such criteria. There has been increasing transparency in the presentation of information (such as business cases) to the CA Board, but this in itself does not provide a standardised rationale to support the decision making process for the use of a substantial proportion of the £40m revolving fund.

Another area that would benefit from more detailed documentary support is the decision in relation to interest rates and compliance with State Aid regulations, particularly as this is an area that could be open to challenge. Whilst the method used to calculate the interest is a recognised approach and the rates being used represent no detriment to the authority, given that the loans are the first of their kind, it may have been appropriate to commission some formal, independent advice on the aspect of State Aid compliance

##### 4.4.2 **GOVERNANCE: Local Enterprise Partnership**

The framework should be completed by CPCA and submitted to MHCLG annually. There is a dedicated compliance team in the CLGU who undertake a series of in-depth checks to ensure that the frameworks meets requirements. With the amalgamation of the LEP into the CPCA, we sought to review the LEPs compliance, or

otherwise, with the requirements set out in the National Assurance Framework. This included that the LEP has a local assurance framework in place, as required by the Government's National Assurance Framework and that it was operating under a clear governance framework

Activity Level	Assurance	Critical	High	Medium	Low	Total
LEP Governance	REASONABLE	-	2	7	-	9

There has been good progress in establishing a clear framework which brings together the previous arrangements. A number of areas have been identified which need to be addressed to ensure governance as effective. Those identified as requiring attention include:

- Increased transparency in relation to data available and how value for money is achieved;
- Development of a consistent brand identity; and
- Processes in place for the recovery of funds should any project be deemed to have misused public monies etc.

It was agreed that this audit would be followed up in year as there were proposals to combine the two Assurance Frameworks in place.

#### 4.5 **2019 / 2020 Coverage**

##### 4.5.1 **GRANTS: Grant Claims**

During the year, Internal Audit review and certify a number of grants for the CPCA. These have been in relation to monies payable through to the (former) LEP or CPCA in relation to highways activities coordinated by PCC or CCC.

Grant	Assurance	Commentary
BEIS LEP Project Grants	Certified	Following review of the financial records maintained, supporting documentation and the grant conditions imposed, we were able to confirm that the monies claimed were appropriate.  The grant letter was signed and issued on 13 June 2019.



Local Transport Capital Funding 2018 / 2019	Certified	<p>Four grants coordinated through the CPCA require a declaration to be sent to the Department for Transport, these being Capital Block Funding; Challenge Fund Tranche 2A; Local Transport Grant and Pothole Action Fund.</p> <p>Based on the determination letters, monies are spent separately by PCC and CCC. Where monies are spent directly by County they undertake a review of the appropriateness of spending and provided statement returns to that effect. Similar arrangements were undertaken by PCC.</p> <p>As Chief Internal Auditor for the CPCA, I have looked to place reliance on their works.</p> <p>Following review of claims and completed statements we confirmed to DfT that monies had been spent in line with the determination letters.</p> <p>The grant letter was issued in line with prescribed deadlines to the CPCA and external agencies.</p>
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#### 4.5.2 GOVERNANCE: Human Resources (Recruitment and Selection)

2018 / 2019 coverage as part of the Governance review identified this as an area of concern and produced a **No Assurance** rating. As a result this was seen as a high priority area to revisit. Initial walk through tests were undertaken in September 2019 to gauge whether sufficient improvements had been made to the general control arrangements.

In November 2019 the full review of the processes were undertaken. The objective of the audit was to evaluate the adequacy of the control framework in place to effectively manage and maintain the recruitment control framework. The key areas reviewed covered:

- Up to date and approved policy, regulations and supporting procedures, in line with employment legislation to support the recruitment process and achieve value for money
- Vacancies are adequately identified and advertised with appropriate job and person descriptions which are fair, accurate and complete
- Each stage of the recruitment process is carried out in a timely manner by suitably trained staff
- All appointments are made in a timely manner with appropriate reference checks undertaken and terms and conditions are stated clearly in employment contracts that meet legislative requirements

We undertook a 100% check of all staff records held in relation to the full establishment and sample checked a series of new appointments made between April 2019 and October 2019.

Activity Level	Assurance	Critical	High	Medium	Low	Total
Recruitment and Selection	REASONABLE	-	-	3	3	6

Major improvements have been made in this area and the action plan has been agreed and put in place to deliver.

#### 4.5.3 IT: Attempted Fraud

During August 2019, a CPCA email account was hacked.

Persons unknown logged into the email account via a web browser and made changes which allowed them to move and delete messages. This was used to permanently delete an email and invoice seeking payment from a CPCA contractor. A fraudulent email / invoice was then substituted in its place with differing bank account details. In addition, all audit trail activity was cleansed. The invoice was processed through the normal channels. It was queried by the receiving bank due to the change in sort code which came to light in September 2019.

A number of immediate actions were put in place and a series of recommendations made covering:

- Bank account details verification with all suppliers
- Police liaison
- Consider how supplier data is to be dealt with in new Agresso financial management system

Additional actions arising relate to a technical solution in relation to access authentication.

#### 4.5.4 GOVERNANCE: Fraud Risk Assessment

Fraud is just one risk which affects the Combined Authority's ability to achieve its objectives. The major difference between fraud and other common risks is that the CA does not have the authority to be 'risk tolerant' in this area. There is a responsibility to protect the public purse so it cannot simply accept a level of loss to fraud or theft. If the CA was to do this, it would not be fulfilling its statutory responsibilities. Additionally, fraud and theft are criminal offences. No officer or member has the authority to tolerate a degree of criminality without themselves being culpable. CA officers have a responsibility to report any incidents of fraud and theft to management for investigation and the strengthening of internal controls. Consequently, whilst managers need to apply a balance between risk and cost, a 'risk averse' approach should be applied to the management of fraud risks.

This fraud risk assessment has focussed on benchmarking the CA against best practice and also identifying fraud risks faced by the CA as well as suggested mitigation strategies. The key fraud risk areas reviewed

- Financial Transactions
- Human Resources
- Procurement and Contract Management
- External funding
- Information Technology

Activity Level	Assurance	Critical	High	Medium	Low	Total
Fraud Risk Assessment	REASONABLE	-	-	3	3	6

The fraud risk assessment established that on the whole controls in place throughout the CA are robust, appropriate and fit for purpose in managing the inherent risk of fraud and corruption to a more acceptable residual level. It is not possible to determine whether the controls are as effective as the CA would wish without the CA making a determination as to their acceptable risk level. It is recommended that the CA undertake an exercise to determine their acceptable risk level for each scheme, this would then allow excessive control to be reduced, resulting in more efficient use of resource and where the desired risk level is not being achieved allowing resources to target resource these areas.

#### 4.5.5 GOVERNANCE: Budgetary Control

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Budgetary Control, and provide guidance on how to improve the current controls going forward, if appropriate. The following procedures were adopted to identify and assess risks and controls and enable us to recommend control improvements:

- Discussions with key members of Finance staff to ascertain the nature of the systems in operation;
- Evaluation of the current systems of internal control through walk-through and sample testing; and
- Identification of control weaknesses and potential process improvement opportunities;

The scope excluded the budget setting process where we took assurance from the external review undertaken by CIPFA in 2019.

Activity Level	Assurance	Critical	High	Medium	Low	Total
Budgetary Control	REASONABLE	-	-	1	1	2

Responsibility for managing budgets is established, whether with Project Managers in departments overseeing specific schemes or Directors and Line Managers with accountability for core central activities. A new approach has been developed and trialled in the Delivery and Strategy Directorate since February 2020.

At month end the finance system and bank transactions are reconciled and un-coded items actioned to enable budget reports to be run from Agresso. Reports generated are issued to officers to review. This provides managers with the opportunity to challenge expenditure for miscodings or provide commentary in relation to underspend / overspend; mitigating factors for each of those, such as slippage; remedial actions taken to bring back on track; and finally a forecast as to the level of spending at year end. There is a timetable set for responses to be received within Finance.

Following receipt from managers these are then collated into an overarching budget return for the Directorate. Challenge, review and agreement of this monthly report are undertaken by the Director and is then used for internal discussions across the Senior Management Team prior to being used to report through to Executive Committees, Business Board or the CPCA Board as appropriate. Using the trialled template and Transport Finance reports produced for February 2020 we have undertaken a desktop exercise to walk through details from the original report to appropriate committees. Robust procedures are in place for the monitoring of budgets. Any variances identified are investigated and remedial actions taken where appropriate so as to minimise the risk of budget over/underspends. Timely and accurate financial information is produced and is reported to the appropriate forum to facilitate effective monitoring and decision making.

The CPCA has been able to use Agresso in conjunction with the Service Level Agreement with Peterborough. A separate licence was organised although there were some delays in been able to provide support to its project development. While the system as a whole has operated, not all functionality has been implemented. The CPCA have taken the decision to set up a project to review this IT provision and to consider other options. Similarly this has been delayed by Covid-19 pandemic and the project is currently on hold. As a result, the agreement with Peterborough has been extended.

The audit of the CA's internal controls operating over the Budgetary Control found that there is a sound system of internal control designed to achieve the system objectives. We placed reliance on works from CIPFA for the budget setting approach and was outside scope. The controls identified and verified against the Delivery and Strategy Directorate are being consistently applied. The reporting toolkit is seen to be robust and it is encouraged for this to be rolled out to all Directorates.

We will follow up the adoption of the toolkit during 2020 / 2021 to verify full compliance.

#### 4.5.6 PROJECTS: Project Management Framework

This review was undertaken to establish whether a structured approach to Project Management has been implemented, ensuring the following:-

- Project monitoring responsibilities exist, which are clear and documented
- There is a detailed project management framework, that covers all types of projects and stages of the life cycle

Key observations related to Project Management Responsibility, the Project Management Framework and the Project Management Process.

Activity Level	Assurance	Critical	High	Medium	Low	Total
Project Management Framework	SUBSTANTIAL	-	-	-	-	-

**Project Management Responsibility:** The guidelines relating to the various roles within a project were reviewed, and these were found to be documented clearly and embedded within the updated 10 Point Guide to Project Management for all areas of project responsibility.

**Project Management Framework:** There is a recently updated 10 Point Guide to CPCA Project Management that includes detailed information on the various stages of a project's life cycle, from initiation to final closure. This document also includes useful links to further information, guides and templates required during the project's life. Both the 10 Point Guide and relevant supporting information were examined and found to be satisfactory in all areas. The CPCA can demonstrate through the use of the Prioritisation Process the early evaluation of each project against overall CPCA objectives and desired outcomes.

**Project Management Process:** The Project Management Office maintain a single project register and in order to support the requirements of the framework, a filing structure exists within Sharepoint. A documented filing system is included within the 10 Point Guide and this supports the appropriate recording of a project's journey through the various stages, to completion. A review of individual projects and the success of the filing structures in use have not been included as part of this review.

A structured, organised approach to project management has been implemented. The framework in place is detailed, and as such can be used to support project managers, and others involved with projects, appropriately.

#### 4.5.7 PROJECTS: Project Management (Specific Projects)

While we have received a number of items of information to continue with the review, following the request from the Chief Executive the decision was taken to defer the reviews until each organisation returns to normality with the impact of Covid-19. However, this seems appropriate as Internal Audit can look to verify the updated processes and their successful implementation once they are fully embedded in the future based on our assessment of the Framework above.

#### 4.5.8 GOVERNANCE: Performance Management

Following the introduction of quarterly Performance Indicator reporting, Internal Audit have conducted a review to establish the arrangements. The scope of the audit was to ensure:

- Appropriate performance monitoring responsibilities exist
- There is a performance management framework
- Performance Indicators adequately reflect objectives and desired outcomes within the Business Plan
- Performance Indicators are reported and presented appropriately in a timely manner
- Performance Indicators are accurate

Activity Level	Assurance	Critical	High	Medium	Low	Total
Performance Management	SUBSTANTIAL	-	-	-	-	-

There is a high level Monitoring & Evaluation Framework and Business Plan, which have been reviewed and approved by the Board annually. The approach, principles, resource, roles and responsibilities are set out and these documents adequately reflect and support those key aspects of the Devolution Deal.

During October 2018 a decision was taken for the CPCA Board to receive quarterly reports on performance. Following its implementation, this has occurred satisfactorily and has become embedded. Monitoring processes have evolved over time, with the Key Performance Indicators (KPIs) being reported, and supporting papers having recently been updated at the request of the Board.

We noted that the board took the decision (through democratic process) to reduce the number of KPIs from the six originally reported to three. This was implemented in November 2019 to better reflect that the performance reports should be based on the key growth outcomes at the heart of the Devolution Deal, and what is required to be monitored and reported on for its successful implementation. The Board now receives the 3 KPIs (Gross Value Added, Jobs and Housing performance) at every meeting, along with the RAG rating for 16 key projects.

This arrangement includes the new governance responsibilities for the Committees, which receive Dashboards tailored to their responsibility area, including details of the three performance targets that are no longer reported directly to the Board (affordable housing, apprenticeships and distance from employment centres). This is not replicated exactly as the Board previously viewed, but a wider view of performance can be seen due to the three committees now empowered to decide which KPIs are reported. The Board receives these dashboard reports from the committees and so has sight of additional information not being reported directly to them in the three KPIs. The January Board meeting requested some further information on projects, to include some narrative as well as status.

There is also now a 'golden thread' highlighting the contribution each project makes to the key growth outcomes within the business case when being considered and approved by the Board, although we did not review this aspect as part of this audit.

The Performance Indicator Dashboards were examined for accuracy against the source data for the January Board meeting, and March Committee meetings. The information presented accurately reflects the external data sources used to compile the figures as well as the project statuses reported to the Project Management team at that time.

Since its implementation, the reporting of Performance Indicators to the Board, and subsequently its Committees, has been undertaken in a timely and successful manner. Performance management arrangements have developed over time and now offer a robust framework for monitoring the achievement of the CPCA's key targets.

#### **4.5.9 SKILLS: Adult Education Budget**

To date consultancy advice has been provided via meetings on the development of an assurance framework; meetings attended on the ongoing requirements with the ESFA along with shadow working at a service provider. A quality assessment site visit previously scheduled for March 2020 was unable to go ahead following lockdown. As a result of being unable to progress on this, Internal Audit has continued to assist and support on development of the assurance framework in order for the CPCA to submit an annual assurance letter to Central Government.

The assessment has been completed and submitted.

#### **4.5.10 FOLLOW UP: ECTC Loan**

The purpose of the audit was to determine and report upon the progress of the actions agreed in the previous report (see 4.4.1 above). The scope did not include a review of projects, and therefore cannot offer an opinion on the compliance of any specific project with the new processes implemented as a result of the actions agreed.

The original report made 5 recommendations. The follow-up has found that all recommendations have been actioned. The overall opinion is SUBSTANTIAL.

#### 4.5.11 FOLLOW UP: LEP Assurance Framework

The previous audit (see 4.4.2 above) identified that the CPCA was broadly compliant with the national framework. Since then, the CPCA has taken to amalgamating the LEP and CPCA framework into an overarching document. A desktop review has been undertaken and the previous gaps have been addressed.

The original report made 9 recommendations. The follow-up has found that all recommendations have been actioned. The overall opinion is SUBSTANTIAL.

#### 4.6 Allegations of Fraud / Irregularities and Breach of Codes of Conduct

4.6.1 Internal Audit is a key contact point for any issues of fraud and irregularity across the CPCA. Other than the matter documented in 4.5.3 above in relation to a potential IT fraud no other matters were brought to Internal Audit attention during the year.

#### 4.7 Significant Issues

4.7.1 The PSIAS state that the Chief Audit Executive should report any issues considered particularly relevant to the preparation of the Annual Governance Statement which include consideration of any significant risk or governance issues and control failures which arise. There are no areas to be referred:

*“All audits have been completed in line with the agreed Audit Plan and have not identified any “critical” areas which need immediate action. While we are only able to look at a snapshot of the CA through our audit coverage (based on the perceived risks at that time), this further confirms the statement in 3.2 above”.*