



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Internal Audit Progress Report

9 June 2023

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1 Key messages

The internal audit plan for 2022/23 was approved at the July 2022 meeting. This report provides an update on progress against that plan, the changes to the plan and summarises the results of our work to date.

We have also agreed the 2023/24 internal audit areas for coverage with management following discussions held to prioritise the long list of areas initially identified for 2023/24 as presented at the previous Committee in March 2023.

Additional 2021/22 internal audit activity



As reported at the previous Committee, we were asked by Officers to undertake an Analysis of Government Procurement Card Expenditure and Expenses. The draft reports have been issued and the final report will be issued once we have had responses from Officers which we understand are imminent. We expect to have issued as a final report ahead of the July 2023 Audit Committee.

[To note]

2022/23 Internal Audit Delivery



Since the last meeting we have issued two further reports in final (**IT General Controls 7.22/23** and **Subsidiary Companies Deep Dive - GrowthCo and Propco2 8.22/23**) and the two remaining reports in draft which concludes the 2022/23 internal audit plan. We are working with management to finalise these draft reports and agree the action plans. Full details are shown in **Appendix A** below.

[To note]

2022/23 Head of Internal Audit Opinion



We have issued our Head of Audit Opinion which is also on the agenda. As previously stated, this has resulted in a negative (qualified) opinion for 2022/23.

[To note]

2023/24 Planning




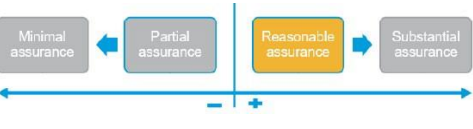
We have also agreed the 2023/24 internal audit areas with management following discussions held in regard to prioritising the initial long list of areas identified for 2023/24 as presented at the previous Committee in March 2023. These reviews are included in our schedule below in **Appendix B**.

[To note and approve]

2 Reports



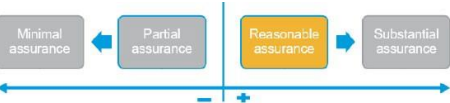
Summary of final reports being presented to this committee

We have issued one final report since the last meeting from the 2022/23 Internal Audit Plan.

Assignment	Debrief Date	Opinion issued	Actions agreed		
			L	M	H
IT General Controls (7.22/23) During our review, we noted that robust processes were in place in relation to information security training, endpoint security systems and the management of new starters. A significant issue was however noted with respect to the management of user accounts relating to movers and leavers with respect to timeliness of requests and subsequent updating/disabling of accounts, respectively. This can lead to users having unauthorised access to the organisation's systems and data, which also has GDPR implications. Several gaps were also noted with respect to web-filtering, review of firewall rules, review of user access levels, and periodic testing of backups. Further areas for improvement were identified with regards to IT related policies and job descriptions of IT staff.	6 April 2023		6	5	1
Subsidiary Companies Deep Dive - GrowthCo and Propco2 (8.22/23) From our review we confirmed the GrowthCo Shareholder Agreement had been signed by the required signatories and the GrowthCo Business Plan was in date and that the GrowthCo Programme Management Committee had been established and was discharging its duties in line with the Terms of Reference, since the last internal audit in September 2022 and GrowthCo had a complete and approved Business Plan in place for the period April 2022 to December 2023 detailing the subsidiary company's strategic objectives and fit with CPCA and annual financial projections up to 2023/24.	26 April 2023		3	3	0

Assignment	Debrief Date	Opinion issued	Actions agreed		
			L	M	H
<p>We found that Subsidiary Company Boards were in place for both subsidiaries and review of papers and minutes identified robust discussion and challenge in regard to the subsidiary company's programme, financial performance and risk registers.</p> <p>Furthermore, we noted that a CPCA Shareholder Board had also been set up to centrally oversee subsidiary companies' operations with an inaugural meeting expected in April 2023, testing noted an opportunity had been given to company board members to declare any interest at the beginning of each meeting and matters reserved for CPCA's decisions had been handled properly and finally we noted the CPCA Board had been reviewing and discussing subsidiary company matters consistently.</p> <p>We have, however, identified control weaknesses and agreed management actions. Specifically, we noted the PropCo2 Shareholder Agreement had not been finalised and signed as the legal processes of Anglia Ruskin University joining the company as a shareholder takeover was still in progress, we were unable to confirm the Company Board Terms of Reference had been developed and approved for GrowthCo and PropCo2 due to the absence of available evidence. The Senior Responsible Officer for Higher Education advised the PropCo2 Business Plan, whilst under review and expected to be refreshed in June 2023, was now out of date.</p> <p>Additionally, we were advised by the Project Manager that there was an absence of formal guidance on risk management for subsidiary companies but did emphasise the CA were working closely with subject matter experts (at RSM) to refresh the risk management framework due for ratification in July 2023.</p> <p>Additionally, we noted the CA were yet to secure continuous secretarial support, with the previous third party provision now expired as of 28 February 2023 and were yet to arrange provision of further company director training sessions for subsidiary companies.</p> <p>We also noted the Audit and Governance Committee had not been provided information for the forum to have oversight of the financial performance of the subsidiary companies (until the CPCA Shareholder Committee inaugural meeting).</p>					

Appendix A – Progress against the internal audit plan 2022/23

Assignment	Timing / Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Data Protection – Deep Dive	FINAL – Advisory (significant issues identified)	2	9	1	January 2023	December 2022
Risk Management		0	6	0	January 2023	January 2023
Net Zero Hub - Governance		1	3	1	March 2023	March 2023
Follow Up	Reasonable Progress	0	6	0	June 2023	March 2023
IT Audit		6	5	1	June 2023	June 2023
Subsidiary Companies Deep Dive - GrowthCo and Propco2		3	3	0	June 2023	June 2023
Affordable Housing Grant Programme	Revised draft report issued 12 May 23				July 2023	-
Core Control Framework	Draft report issued 16 May 23				July 2023	-

Appendix B – Schedule against the Internal Audit Plan 2023/24

We detail below the progress to date and the schedule for the 2023/24 Internal Audit Programme.

Assignment	Status	Commencement Date
Budget Setting and Budgetary Control	Commenced 26 May 2023	-
Business Continuity Planning	Date shared and scope issued	5 July 2023
Key Financial Controls	Scope to be agreed	30 August 2023
HR Digital Processes	Scope to be agreed	5 September 2023
Risk Management	Scope to be agreed	11 September 2023
Improvement Plan - Project Planning and Delivery	Scope to be agreed	23 October 2023
Improvement Plan - Governance	Scope to be agreed	30 October 2023
Strategic Planning	Draft scope issued	22 November 2023
Subsidiary Companies	Scope to be agreed	15 January 2024
IT Audit	Scope to be agreed	5 February 2024

Appendix C – Other matters

Changes to the audit plan

Since the last meeting there have been no further changes to the 2022/23 Internal Audit Plan.

RSM External reviews of quality

One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'. The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

FOR MORE INFORMATION CONTACT

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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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