



Cambridgeshire & Peterborough Combined Authority

Internal Audit Progress Report

26 January 2024

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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 two final reports since the November 2023 Audit Committee for 2023/24:

- **Risk Management (4.23/24); and**
- **Project Planning and Delivery - Improvement Plan (6.23/24).**



Three further 2023/24 draft reports have been issued:

- Key Financial Controls (3.23/24),
- Business Continuity Planning (5.23/24); and
- Strategic Planning (7.23/24).

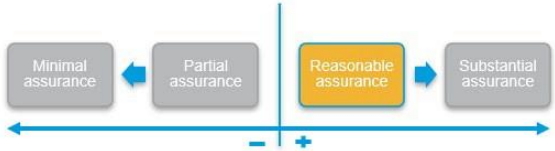
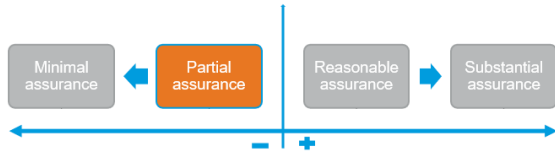
The fieldwork for the Subsidiary Governance audit is in progress, the IT Audit is planned to commence in February 2024 and there has been a request by Combined Authority management in regard to the HR Digital Processes audit being removed from the programme for 2023/24. A replacement audit is being discussed.

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

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 November 2023.

Assignment	Opinion issued	Actions agreed		
		L	M	H
Risk Management 4.23/24 <p>Overall, we confirmed through our review that the Authority has made a number of improvements in the design of the control framework for managing risks, demonstrating a positive trend in developing a revised Risk Management Framework, delivery of risk management training and the implementation of risk management guidance. However, there remains a number of issues in regard to the application and compliance with the revised framework that now need to be the focus for the Authority to fully address some of the previous weaknesses identified.</p> <p>Specifically, on the design of the control framework we identified that the Authority now has an up-to-date Risk Management Framework approved by the Board, which outlines the approach, roles, and responsibilities of staff regarding the management of risks, including the process to review risks and the Authority now has a defined and documented Risk Appetite.</p> <p>There is also an approved and up-to-date Risk Management Procedure document to support the implementation of the Risk Management Framework. Additionally, we also noted positives regarding the development and rollout of risk management training to relevant staff.</p> <p>However, as alluded to above, we have identified application and compliance weaknesses relating primarily to the content, completeness, and timeliness and comprehension of the review of the risks held in the Project, Programme, and Corporate Risk Registers. We also identified that whilst there have been notable improvements in the design of the framework, we note that there is no formal plan in place to guide the implementation of the revised risk management approach.</p>	Control Design Reasonable Assurance	3	1	1
				
	Control Design Partial Assurance			
				



Assignment

Opinion issued

Actions agreed

L M H

Additionally, we identified areas for improvement regarding the recording of actions from the CMT monthly meetings and a governance point relating to the content and the need to review the Performance and Risk Meetings and Audit and Governance Terms of Reference documents. We included assessment of the progress with previously agree actions in these areas and identified that out of six medium priority management actions, three had been addressed and three had not yet been fully implemented.

In forming our opinion below, this reflects the improvements made to the design of the risk management control framework and also reflects the need to ensure compliance with the revised framework and that the content and comprehensiveness of the risk content (within all types of risk register) is sufficient to allow it to be understood and relied upon.

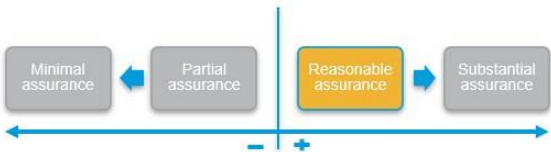
Project Planning and Delivery – Improvement Plan 6.23/24

Reasonable Assurance

3 1 0

Overall, we found that the CPCA was able to demonstrate that Workstream E of the Improvement Plan captured the key improvement themes identified and was subject to robust approval and monitoring processes. We found that key deliverables had been reported as achieved in line with the timeframes set out in the reframed Improvement Plan, whilst the organisation demonstrated collaboration with key stakeholders in the creation of frameworks designed as part of the workstream.

In a highlight report to the CPCA Board meeting in November 2023, the Project Planning & Delivery Workstream was RAG rated green by the organisation for the period up to the end of October 2023, meaning that successful delivery of the workstream in terms of cost, time and quality was highly likely.



It should be noted that the frameworks will not be in operation until the following financial year and we have identified scope for improvements in relation to ensuring that the organisation has documented how it will assure itself that the new frameworks are being effectively applied in practice.

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

There have been **two further 2023/24 reports** finalised since the previous Committee meeting held in November 2023, 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	Draft Report issued 3 November 2023.				March 2024 (was January 2024)	
Business Continuity Planning 5.23/24	Draft Report issued 3 January 2024				March 2024	



Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Strategic Planning 7.23/24	Draft Report issued 18 January 2024				March 2024	
Subsidiary Company Governance	Fieldwork in progress				March 2024	
HR Digital Processes*	Call with Executive Director for Resource and Performance to be scheduled to discuss potential replacement audit.				June 2024	
IT Audit	To commence 19 February 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 November 2023.

HR Digital Processes - The Executive Director for Resource and Performance has 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.

We are due to meet with the Executive Director for Resource and Performance shortly to agree another replacement audit.

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 four final reports to date, with three of these reports providing a positive assurance rating, with one providing a split opinion in regard to Risk Management, and a partial assurance in relation to compliance with the control framework. We will provide further updates to the Executive Director for Resources and Performance at our regular meetings as more reviews are finalised. We will also update the Committee at the next meeting in March 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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