



Cambridgeshire & Peterborough Combined Authority

Internal Audit Progress Report

17 November 2023

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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 also have an update relating to the 2022/23 internal audit plan. 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.



2022/23 Internal Audit Delivery

Since the last meeting we have finalised the one remaining 2022/23 report (**Core Control Framework – Treasury Management and Accounts Payable**). Full details are shown in **Appendix A** below. The Committee has already been sighted on the headline findings from this review in our 2022/23 annual report.



2023/24 Planning and Delivery

We have issued one final report since the September 2023 Audit Committee for 2023/24 (**Governance - Improvement Plan 2.23/24**). Two further draft reports have been issued and scopes are either already agreed or being agreed in good time for the remainder of the 2023/24 schedule. The full update in regard to the 2023/24 plan and schedule of work is included below in **Appendix B**.

2 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.

Assignment	Opinion issued	Actions agreed		
		L	M	H
Core Control Framework – Treasury Management and Accounts Payable 9.22/23	Partial Assurance	3	6	1

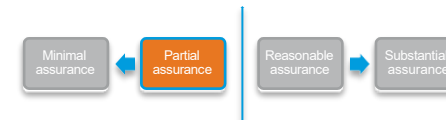
Treasury Management

Our review found that the Authority had a Treasury Management Strategy 2022/23 which has been approved by the CPCA Board in March 2022. Although the Authority had a Treasury Management Strategy, there were no formal policies or procedures to support or guide staff in complying with the strategy. During our testing we found that the two systems (Agresso and Treasury Live) both had users on the user lists who have left the Authority; given these are cloud-based systems, leavers could still potentially access the systems.

We were only provided with one bank account reconciliation conducted in December 2022 for the period of April to October 2022 which had not been subject to any scrutiny or approval. In addition, the summary of the report found that £6,668,315 of receipts were ‘unmatched’ within the reconciliation. We noted that the monthly bank reconciliation process had not been fully completed since the end of April 2022 leading to seven months being ‘caught up’ in December 2022.

Accounts Payable

We found that there was guidance in place for the Accounts Payable processes and from a sample of ten creditor payment runs from September to December 2022, we found in all cases payment runs were prepared by and approved by two individual staff members. The payment run amounts were accurately reflected within the bank account.





Assignment

Opinion issued

Actions agreed

L M H

However, we found an inconsistent process for supplier information changes with regards to the Vendor Registration Form (VRF), including cases where signatures were missing, and contact information (email addresses, telephone numbers and titles) not consistently recorded within the Agresso system as recorded on the VRF.

Accounts Payable (Follow up)

Taking account of the issues identified in the remainder of this report of the seven management actions agreed previously, we identified that:

- Three actions had been implemented;
- One action has been superseded; and
- Three actions had not been implemented.

Improvement Plan - Governance 2.23/24

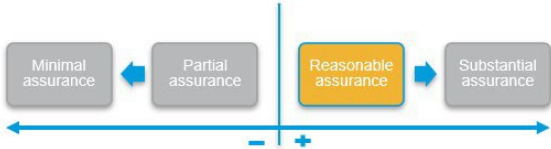
We confirmed that the Improvement Plan clearly identified the outcomes and actions required to be implemented by the Governance Workstream, with owners and due dates consistently assigned. This was approved by the CPCA Board in October 2022.

The outcomes and actions for the Governance Workstream were based on the findings of the external governance review completed in April 2022, and we confirmed that these outcomes and actions were clearly aligned to the improvements suggested by this review, whilst also incorporating the concerns of External Audit and DLUHC.

The progress of the Governance Workstream was monitored by a Project Group, with overdue tasks scrutinised, although we identified nine instances where actions agreed by the Group were overdue or had been left open. Subsequent confirmation was provided that the five actions left open had all been completed or were superseded, whilst the four overdue actions were overdue by less than a month. In addition, monthly highlight reports were being produced, detailing the progress of the Improvement Plan, including the Governance Workstream. Key information was included such as RAG ratings of each workstreams progress, although we noted that slippage against planned milestones was not highlighted.

Reasonable Assurance

2 1 0





Assignment

Opinion issued

Actions agreed

L M H

These reports were reviewed by the Improvement Group, Overview and Scrutiny Committee, Audit and Governance Committee and the CPCA Board, with the progress of the Programme scrutinised. The IIB was also reporting to the Board on improvement areas which it was assured on, whilst key outputs from the Governance Workstream were signed off by the Board.

Following Phase One of the Programme, the achievement of planned outcomes was assessed, with a reframed Plan developed covering the further concerns raised by external audit and DLUHC, whilst lessons learnt were also acted upon.

Overall, we confirmed that the Governance Workstream has documented significant progress towards achieving the planned improvements, however, the methods that will be used to ensure that improvements to practices are embedded had not yet been agreed and documented, although action was being taken in this regard and will become a priority once all improvement actions have been implemented.

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

There has been **one further 2023/24 report** finalised since the previous Committee meeting held in September 2023, as highlighted in **bold** below. We 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
Key Financial Controls 3.23/24	Issued in Draft				January 2024	
Risk Management 4.23/24	Issued in Draft				January 2024	
Strategic Planning	Date and Scope Agreed – To Commence 23 November 2023				January 2024	
Project Planning and Delivery – Improvement Plan	Date and Scope Agreed – To Commence 25 November 2023				March 2024	
Business Continuity Planning	Date and Scope Agreed – To Commence 4 December 2023				March 2024	



Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Subsidiary Company Governance	Date and Scope Agreed – To Commence 13 December 2023				March 2024	
HR Digital Processes	Scope to be agreed with new lead – Scheduled to commence 11 January 2024				March 2024	
IT Audit	RSM Technology Risk Assurance to confirm scope with Management. To commence 19 February 2024				June 2024	



Appendix B – Other matters

Changes to the audit plan

We have agreed two minor changes in terms of fieldwork timeframes. These are:

- The Business Continuity Planning audit has been deferred from October 2023 to December 2023.
- The HR Digital Processes audit has been pushed back from December 2023 to January 2024 due to a new lead officer commencing in role.

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 two final reports to date, both with a positive assurance opinion. We will provide further updates at the remaining Committee meetings and also provide updates to the Chief Financial Officer as more reviews are finalised. 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.



Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attach a brief survey for the client lead to complete. We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each review (current option).
- Monthly / quarterly / annual feedback request.
- Executive lead only, or executive lead and key team members.



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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.

Our report is prepared solely for the confidential use of Cambridgeshire & Peterborough Combined Authority, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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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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